Previous references.
Sls 1B and 2B of this file

190

(Gen Finance)

File No. 48 (900) —of 1901-02
Serial Nos. 3-14

Later references.
Gen. Fin. 686 of 1903 27

GENERAL AND REVENUE SECRETARIAT.

P1 107/E1 C
Inserted Rajamallikarjun

Serial Nos. 3–14

Part B. for

SUBJECT.

Explanation of the comptroller on the various points contained in Mr W. H. Scotts' report on the audit of the Palace Account including the loan of Rs 2 00, 000 by H. H. the late Maharaja of Mysore to Messrs Akhilandayya &c

1902

3. No 4380 dated the 4th January 1902 (Dy No Fl 835)
From the Comptroller
Requests the return of the registers &c which had been sent to Government on the various D.O.s from this office to enable him to submit the explanation called for in Fl 706-8 of the 20th Nov 1901

4. D.O. dated the 12th Feb: 1902
From the comptroller
Forwards an official memo containing his observations and explanations on the 3rd report of Mr Scott

5. No 5616 dated the 4th March 1902 (Dy No Fl 1166)
From the comptroller
Represents that he is unable to furnish the ~~G. R. S. 56~~ explanation called for in Fl 706-8 dated 20-11-01 forwant of the registers &c requested by him to be returned

6. No Fl 1715 dated the 8th May 1902
To the comptroller
Returns for reference and retransmission certain papers and accounts as called for by him.

7. No. 7108 dated the 22nd May 1902 (Dy No. Fl 15-21
From the Comptroller
Requests that certain other books and papers enumerated might be Kindly returned to him

8 No. 3504½ dated the 23rd May 1902 (Dy No. Fl 1691)
From the Examiner P.W. Accounts
Forwards for information copy of a letter from the Examiner P.W. Accounts of Mysore addressed to the Comptroller of Mysore giving replies to certain questions asked by the latter

9 No. 282 dated the 16th July 1902 (Dy No. Fl 96)
From the Examiner P.W. & Ry Accounts.
Forwards for information copy of his letter No. 281 d/16/7/02 to the comptroller with the comptrollers letter No. 258 d/14/7/02 to him

10. No. 301 dated the 19th July 1903 (Dy No. Fl 101)
From the comptroller
Submits an explanatory memo on the several points noticed by Mr Scott on the audit of Palace accounts from 1889-1890 to 1891-92 referred to in Govt Pro. No. 706-8 d/20-11-01

11 No. Fl 151 dated the 17th July 1902
To the comptroller
With reference to the comptrollers letter No. 710 8 dated 22nd May 1902 (serial 7) forwards for reference 3 books of accounts, and states that the other books and papers asked for would follow.

12. No. 546 dated the 26th July 1902 (Dy No. Fl 142)
From the Examiner P.W. & Ry Accounts.
Forwards for information comptroller's letter No. 401 d/20-7-1902 asking information regarding the third Report of the Examiner on the Palace Account and his reply thereto.

13. No. 867 dated the 24th August 1902 (Dy No. Fl 228)
From the comptroller
Furnishes information & explanation on the reports of Mr Scott on the Palace Accounts

14. No. Fl 2103-5 dated the 6th June 1903
To the Comptroller, the Palace controller, and the Examiner P.W. & Ry Accounts.
Publishes a statement of the circumstances attendant upon the repayment of the loan of Rs 2 00000 made by His Highness the late Maharaja of Mysore to the firm of Messrs Akhilandayya & Co. in order to remove any misconception that might have arisen in the minds of the Public in regard to that portion of the order No. Fl 706-8 dated the 20th November 1901 which is ~~confirmed~~ confined within para 12

VI

OFFICE OF THE DEWAN OF MYSORE,

(REVENUE AND GENERAL DEPARTMENTS).

(Full Office Note.)

‡‡ **Subject.**

Letter No 867 dated 14th August 1902 from the Comptroller, Mysore Govt, submitting explanation of the various points contained in Mr. Scott's report on the audit of Palace Accounts.

* **Note.**

The Govt. in their order No 471-3 / R 145- dated 15th July 1901 directed Mr Scott Examr P.W & Rly Accounts, to audit the Palace accts for the three years ending with 1891-92-

2 Accordingly Mr. Scott submitted the following reports -

1) On 3d Sept 1901 - Preliminary rep

2) 16th " —— 2d report shewing the results of the audit.

3) " 20th " —— 3d report on the loan to Mysore. Ashtekhilayadayya & Co.

† 4) " 10th Oct 1901 - 4th report on the present System of Palace Account

Vide Summed Cover put up

1 Statement of case in narrative form in regular sequence of subject matter or date.
2. Opinions to be stated only as supported by precedents, or general rules which should always be quoted.
3. Serial numbers in file, &c., to be always stated.
4. Dates of important documents referred should be given.
5. Write on both sides, leaving the same side as margin.

‡ 1. No. and date of latest letter or paper.
2. Catch words to show nature of subject.
3. Subject to be in red and body of note in black ink.

On the receipt of the above reports, the Government passed an order on 20th November 1901, with the attention of the Civil Comptroller and of the Palace Controller to the various matters of criticism noted in the 2nd report and drawing the correction of such errors as remained uncorrected and capable of being rectified, and also called for explanation on certain points. Paper No.

The Civil Comptroller in July last submitted his explanation, of the which for the sake of convenience is noted in juxtaposition, with Mr Scott's report, and appended to this note Paper No 23

Again with his letter of 14th August 1902 the Civil Comptroller submits, with explanation copies of correspce that took place between himself and Mr Scott on the following ~~two~~ points - Paper No 24 26

Para 8 of Mr Scott's report - Investments -

Interest credited on Treasury Receipt — 13,975

Interest due & recorded in the Register — 12,975

Excess of credit 1000/

Comptroller's Explanation – If Mr. Scott had recommended in detail all the Palace credits in the Huzur Treasury account instead of only lists of payments from that Treasury, he would have found out the credit of Rs 1000/-

Paras 34 to 43 of Mr. Scott's report – Note book of the personal estate acct

Balance of the Note book differs from the balance of the account Current –

Comptroller's Explanation.

Mr. Scott's criticisms on Deposit money and the Note-book balances are based not upon procedure of accounting but purely upon that of Control obtaining in D.P.W and upon the supposition that the Note-book

5

balances did not include deposit transactions while as a matter of fact they did

Para 75 of Mr. Scott's report

Advance of Rs 20,000/ for Madras trip in 1888-89 and its subsequent adjustments.

Comptroller's Explanation-

The excess charge or double debits left no cash out of account and in any body's hands for misuse.

3d Report re' Loan to Messrs Alkulandayya & Co.

The Comptroller states that Madras Bank Pass book one of the disbursers accounts dealing with the Palace Funds and his Explanatory Memo to the Dewan dated 23rd July 1901, both very essential and important documents

in this connection were not placed before Mr Scott, that with refce to his (Comptr's) letter dated 3d July 1893 referred to in the report a serious omission had been made by Mr. Scott as acknowledged by him, and that a doubt having arisen on account of this omission, no attempt was made by him to clear it either by enquiry in the Comptroller's office, or by further examination of the Palace or Govt Accounts of the period or of the Madras Bank Pass book, which could have been obtained from the Dewan. ~~The Comp~~

The Comptroller further adds that with facts and admissions placed before Govt, it will be found that while the identification of the credit of Rs 229,998-1-11 in the Palace accounts based upon a corresponding credit in the Madras

Bank Pass Book with the amount of principal and interest paid by Messrs Akkilandayya & Co to established beyond all doubt and step by step by the reliable correspondence quoted in paras 2 & 3 (3rd report) there is absolutely no necessity to assume any other ~~grants~~ grounds such as (a), (b) & (c) of Para 5 of the report.

In conclusion of the letter under advertence, the Comptroller requests that in the light of his explanations and if necessary, on a reference to the Spl Auditor-Genl., Mr. Kesavender, the Govt may reconsider their order of 28th Novr 1901.

Submd
Sd/-
27/8.

The comptr's explanation as regards 'forums' - Paras 56 & 70 Mr Scott's report - is not complete - The accounts & papers left by the Comptr remain to be returned by him & the matters with the Dewan has stated that they are being traced -

Submd to the Secretary
Sd/- 28/8/02

Office of the Dewan of Mysore.

File No. (if any)

Directions.

No., date and purport of receipts to be entered in red, and office note in black ink in order of dates.—To be written only on one side, and inside the line of margin.

Office Note.

Branch

Subject

I have put up a draft on the Comptroller's letter sending up explanations about the £ regarding Mr Scott's audit

The subject is long and intricate and cannot be dealt with satisfactorily without going over the whole ground and in fact referring to all the accounts to be referred to therein This is a work that would require ~~four~~ at least a week's full labour for one who has no other work to do and it seems to be of little use to do it all from the beginning now

I have therefore drafted the order in general terms

As Mr Subbarayan has now applied for retirement I think a statement such as I have inserted in the end is due to him, if Govt can pass it

On two other points re-turn of the Promote given by him and Commission refunded by him, I can trace neither demand nor allusion to the latter in the Papers in the file.

H
25/8/3

To the Finance.

12475
25.8.03

P

Loan of two cases Wrappers Attilanday & Co

Submitted to the Hy Secy -

The necessity for the draft order has arisen from a representation made by the Secretary that the orders read were capable of being, and in fact have been, misunderstood by the trade. The draft order may under the circumstances be graciously approved

18. V. 03.

Record of Case submitted for the orders of His Highness the Maharaja.

609

Subject.

Loan of ₹. 2,00,000 to Messrs. Akhilandaiya & Co.

Please
order. This office
is to note
be kept
[illegible]

Order.

Approved
KRW
30/5/03

Yours
sincerely
30.V.03

R

4/6/V.03

Concluded

7.V.

The Order should be issued at once.
1) See the Secretary
2). Obtain orders from Secretary on his return from Europe whether the Bill [illegible]
2 See [illegible] should be [illegible] need [illegible] till
3) [illegible] the Secretary returns
[illegible] 16/03

T—14.

Class. 50 | INDIAN TELEGRAPH. | Monthly Local No. 841

To Station Bangalore c.p. | From Station Public S.A.

Words.	Day.	Hour.	Minute.	OFFICIAL INSTRUCTIONS.
20	12	8	20	L. C.

To (Person) H.V.P. Commandt C | From (Person) Depty

Secretary (Secretary)

1/ Tk fort

2

3 Expedite issue of

4

5 domiciliaries to Laos ×

6

7 Loan order issue reply

8

9

10 × two

11

12

13

14

Recd. from L. N. | Sent to L. N.

At Hrs. Mts. By | At Hrs. Mts. By

Date

13/6/3

Draft sub 13/6

BANGALORE CENTRAL POST 13 JU 03

Postmaster

Class. | INDIAN TELEGRAPH. | Monthly Local No. 1964

To [illegible] | From

Station [illegible] | Station [illegible]

Words [illegible] Day [illegible] Hour 2 Minute [illegible] | Official Instructions [illegible]

To (Person) 22 14 8 7 | From (Person)

Ch & Manjunadayya Devan
Rajy V.V
General Secretary
Send copy of order
duly orgd & cl to
dofa sanction

Sur & - N he
Mala Rend Sc
C/L
Rec'd
V
3/6/0

CLEVELAND TOWN 14 JUN 03

Attended to

RECD. FROM L. N. | SENT TO L. N.

AT Hrs. Mts. By | AT Hrs. Mts. By

Date

Attended to.
H.M.
15/6/03

Postmaster.

Mr. Scott's report.

CIVIL COMPTROLLER'S ACCOUNTS.

3. *Receipts.*—The opening balance, on 1st April 1889, representing Palace monies in Government Treasuries, amounted to Rs. 2,49,645-1-10. The balance of the ledger account in the Provincial books amounted to Rs. 2,13,414-1-3. The difference of Rs. 36,231-0-7 was the saving from the previous year's Civil List grant which had been transferred by debit to "Palace" and credit to "Revenue Deposits" where it was held in favour of the Palace. The amount should have been credited to the Personal Estate Account direct.

4. The receipts of the Palace credited by the Civil Comptroller were derived from the following sources:—

(*a*) Investments.
(*b*) Miscellaneous Receipts in Government Treasuries.
(*c*) Book Adjustments by the Comptroller.

(*a*) Investments.

5. Registers were maintained showing on one page particulars of investments made, and on the page opposite, the date entered against each debenture or note of the half-yearly interest payments.

6. In the month of April 1889 the total sum credited on account of Interest in the Huzur Treasury account amounted to Rs. 8,750, while the interest payments due and recorded in the register totalled only Rs. 7,000. The difference of Rs. 1,750 is the amount of the half-yearly interest payable on debenture No. 1102 for Rs. 70,000.

7. It would seem that when in February 1887 the single debenture for Rs. 2,94,500, which up to that date had been held on account of the Personal Estate, was separated into three debentures for Rs. 2,00,000, Rs. 70,000 and Rs. 24,500, the endorsement on the new debenture for Rs. 70,000 stating the date up to which the interest had been paid wrongly showed the 14th August 1886 instead of the 14th February 1887. The debenture remained in the custody of the Dewan, and the interest was four half-years in arrears, when in April 1889 it was sent to the Huzur Treasury for credit of interest and custody. Payment was made from the date entered on the debenture, resulting in an over-credit of Rs. 1,750 to the Palace.

709

Comptroller's reply

The Palace fund in Government Treasuries
ly Rs.2,49,645-1-10 as shewn in the Account
prepared by this office of which Rs,2,13,414-1-
eld under Palace Deposits in the Provincial Accou
36,231-0-7 under Revenue Deposits for the reasons
elow. 1888-89 was the first year in which the
Accounts were separated from Provincial Accounts
e doubt was felt as to whether the unexpended
e of the Civil List for 1888-89 should be added
grant of the next year or credited to Personal Estate.
decided that this should be paid to the Palace
s done next year.

Explanation may be accepted. Angs. him the matter was not one of substantial importance.

7 The error is only a clerical one
ogether with any others if made in connection
her interest payments "(by transfers)" will be
and adjusted when the debenture is closed as they
cessarily be, before the accounts connected with
n are finally closed.

The error or admitted enquiry may be made whether it has been traced since. (Para 2 of the G.O.)

8. Again, in March 1890, the sum credited as interest in the Huzur Treasury Account Current amounted to Rs. 13,975, while the interest payments due and recorded in the register total only Rs. 12,975, *i. e.*, an excess credit of Rs. 1,000 has been apparently afforded to the Palace. This latter figure—Rs. 12,975—appears also in the List of Payments under Voucher No. 187. How the Comptroller balanced the accounts of the month remains to be explained.

9. The interest payments during the year 1890-91 were correctly made.

10. The entries in the registers for the year 1891-92 are unintelligible and the entries cannot be checked with the accounts. The Bank memos advising the interest credits for the last four or five months of this year have not yet been found. They are being searched for.

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Huzur Treasury in March

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(Vide Civil Account Cod

Notes are entered in t

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the accounts themselve

or vouchers for credit

received from the Bank

Cash Account is alone

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Rs.1000 was received in the

1890 by deduction from the Dewan's

al Estate; in the Treasury classi-

in that account under the head

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gs have been since checked and

what respects they are unintelligible

nil of any explanation being fur-

Bank Memos, Treasury Memos, for

documents are classed as routine

ally preserved for long periods

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Maharajah's Note Book and in

Registers. What is the amount of

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s can be easily found out from

Bank Memos can form no authorities

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d adjusted in the Huzur Treasury

authority for the Civil Comp-

these initial accounts were ₱

Comptroller's query with refce to last sentence of Mr. Scott's report— Kindly say what accounts you refer to.

Mr. Scott's reply.

The Treasury acct current showed a credit to the "Palace" on account of Interest of Rs 13,976/- while the list of payments accounted for a debit of Rs 12,975/- only. What remains to be explained is ~~where~~ where the addl. balancing debit of Rs 1000/- was laid. There is no need to specify a particular account in which the principle involved (viz that of a credit requiring a balancing debit) is operative; its application is not restricted to particular documents.

The error seems to be admitted. Without referring to original accounts &c, it cannot be determined how far the explⁿ is valid.

May be accepted on the whole after the cuts given in the last sentence.

11. A register showing the bonds held and details of interest payments for the interval 1878—1888 also has not been produced. It is being searched for.

12. In the year 1890-91 Rs. 5,000 was, in different months, recovered from the pay of the Dewan and credited to the Palace—

(b) Miscellaneous receipts.

Rs. 4,000 in the same year and Rs. 1,000 in 1891-92. The Civil Comptroller's Account Current included these amounts together with a sum of Rs. 412-5-0 paid into the Huzur Treasury by the Durbar Bakshi, with the remark "Credits in the Huzur Treasury on account of Palace, for which particulars are not known." The particulars have not since been ascertained by either office and still remain unknown. The outstandings, wherever they are, against which these payments were made, are presumably still unadjusted.

Adjustments.

13. These have been correctly effected.

14. *Expenditure.*—It will be convenient for the purposes of this report to divide the expenditure incurred and booked by the Civil Comptroller under the following heads:—

(*a*) Recurring Disbursements at Government Treasuries.
(*b*) Payments of Pensions outside the Province.
(*c*) Special Disbursements made on Palace requisitions.
(*d*) Adjustments, etc.

Para 11. Till 188
were kept for safe cus
up to that year was dra
No register was therefor
office. It is not stated
Registers and to produc
found necessary for and
& 91-92.

Para 12. It is the
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-88 the Govt: papers and Debantures

dy in the Huzur Treasury and interest

n bybthe Huzur Treasury Officer.

maintained by the Comptroller's

who promised to search for such

them and why these accounts were

of accounts of 1889-90, 90-91,

This requires further explⁿ from our Sc.St. But it does not seem important enough to be pursued.

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ity of the Palace Treasury to

also all debits made in civil

Palace. The duty of this office

confined

~~confirmed~~ purely to intimating

ith particulars if any furnished

and drawing from such Treasuries.

been made through the annual

overing letters with which these

ce Controller for information

ssion of such intimation has

Auditor.

This explⁿ may be accepted & the Palace Courtˢ called on to explain why these defects have not been corrected.

Comptroller "Book" not only (a)

l transactions appearing in the

ily accounts, Pass Book of the

as Bank and in the "Transfers"

15. These payments, made on account of pensions, Palace establishment, railway charges, land compensation, etc., appear usually in the Treasury Lists of Payments, are picked out from these and brought together in the District Abstracts and from thence carried into the Detail Book, where each item is allocated to the head to which it belongs.

(a) Recurring disbursements.

16. The charges for the most part are correctly made and vouchers to an extent filed (*vide* para 19). The following objections are noticed :—

(a) Vouchers on which payments have been made on account of supplies, railway charges, and land compensation in many cases bear no acceptance of any Palace authority. There is consequently nothing to show that supplies, etc., were actually received, or, if received, were correct as to quantity and quality,—*e. g.*, Huzur Treasury Voucher No. 179 of April 1889 for Rs. 429-12-1, Bangalore Treasury Voucher No. 123 of February 1890 for Rs. 9,746-4-0, and many others.

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1899. The accounts thus

can alone be called hi:

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was done annually up to the year
nsolidated by the State Comptroller
ccounts. The accounts called
pt oller's account and Palace
ar/d to be simply cash accounts
lidation by the various disbur-
nds. This simple distinction
ooked throughout the reports
:s" have been made indiscriminately
gh each of them has a ~~memo~~ /
a heading.

needs no J.S mark.

of Rs.429-12-1 is the cost
unners attached to the Bangalore
rders of the Military Secretary.
ed in the Military Stores and
the Military Secretary, no
ficer was deemed necessary nor
irecting this Office to obtain

It is difficult to say that in these two instances the Comptr was wrong Explⁿ may be accepted — the observance of the instructions in the G.O directed for the future.

red by Civil Officers and com-
rdingly the land was acquired

(*b*) Payments of salaries and pensions were made in several cases before expiry of the month for which they were due: *e. g.*—

Huzur Voucher No. 177 of June 1889 for Rs. 800,
Do 262 of September 1889 for Rs. 75,
Mysore Voucher No. 298 do Rs. 700,
and many others.

(*c*) Amounts paid in one month have been accounted for in the next: *e. g.*

Kolar Voucher No. 298 of December 1889 for Rs. 6,
Mysore Voucher No. 437 of April 1889 for Rs. 89-8-0,
and others.

17. Contingent charges of the Palace Gardens for the month of December 1890, amounting to Rs. 31-2-0, have been erroneously charged to the head "20. Minor Departments: 4. Botanical Gardens," instead of to "Palace."

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uthority of Govt: or
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of Palace Controller
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Para 16 (b) Paymer
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and any other Palace
Maharajah on a tour c
the date on which the
to draw them before t
no authority to refuse
not come under the ru
guidance.

Para 16 (c) These a
suspense for want of
(in the month in wh
head of account) is no
Accounts, a procedure
in the Civil Account

by th· Deputy Commissioner on the

r No.903/6/41 of 29th April 1889,

.9746-4-0 was paid by him, acceptance

charge incurred under the authority

ired necessary.

s of Palace salaries and pensions

o audit under the Service Regulations.

If for instance the Durbar Bukshi

fficer had to start with H.H. the

tside the Province a few days before

salaries accrued and if they wanted

at date the Civil Comptroller has

compliance, as these Officers do

es of audit prescribed for his

ounts must have been kept under

articulars and charged to the final

li such particulars were obtained. This

nusual occurrance in the Civil

fully recognized and provided for

de Vol:II Art: 979.

This explⁿ seems adequate May be verified if necessary by reference to Palace

May be accepted.

18. The allocation of charges correctly does not seem to have had any great care, and even when finally the debit has been carried to the correct head, the erroneous entries in the preliminary statements and registers were allowed to remain unaltered. Thus in March 1892 a charge of Rs. 300, though ultimately correctly allocated, passed through the preliminary accounts as a payment on account of "Palace Supplies." Again, in 1889-90 and 1891-92 amounts of Rs. 138-8-0 and Rs. 265 respectively paid on account of "Palace Pensions" have been charged under "Palace Supplies."

19. Vouchers for the following payments cannot be produced:—

No.	Month.	Amount.	No.	Month.	Amount.	No.	Month.	Amount.
		HUZUR.						
		Rs. a. p.			Rs. a. p.			Rs. a. p.
77	May 89 ...	75 0 0	191	June 90 ...	24 0 0	141	Dec. 91 ...	151 13 10
58	June ...	75 0 0	78	July ...	75 0 0	287	Mar. 92 ...	37 10 4
178	July ...	30 0 0	25	Jan. 91 ...	75 0 0	224	...	24 0 0
71	Jan. 90 ...	36 0 0	82	Feb. ...	75 0 0	112	...	415 0 0
206	Feb. 90 ...	105 0 0	211	July ...	1,200 0 0		...	
99	Mar. 90 ...	75 0 0	190	Sept. 91 ...	33 10 0			
		BANGALORE.						
352	April 89 ...	278 13 4	473	July 91 ...	96 8 0	558	Mar. 92 ...	128 8 0
44	May ...	1,190 4 0	452	Oct. ...	155 1 3	567	April ...	150 8 0
72	...	0 3 0	537	Nov. ...	81 8 0	483	May ...	1,782 12 6
130*	Mar. 90 ...	6,525 1 0	501	Dec. ...	136 8 0	647	...	89 8 0
407	Feb. 91 ...	91 8 0	508	Jan. 92 ...	157 8 0	566	June ...	169 8 0
11[illegible]	Mar. ...	110 0 0	509	Feb. ...	72 8 0			
		KOLAR.						
238	Jan. 90 ...	6 0 0	328	Mar. 90 ...	6 0 0	544	Mar. 92 ...	6 0 0
301	Feb. ...	6 0 0	355	July ...	6 0 0	374	June ...	6 0 0
323	Mar. ...	6 0 0	299	Nov. ...	6 0 0			

Para 18. Up to
corporated with the
heads were maintain
but since 1888-89 w
was made, only lump
State Accounts unde
no correct "allocat
of the State Compt
in the Palace cons
alone Mr. Scott sh
and examined as t

~~Para 19~~. Para 19- The
which
as already stated
It only requires
arrange them and
Vouchers &c from
rearranged and la
applied for in
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8. 6

3-89 the Palace Account was in-

te Accounts and regular Budget

or the purpose of classification

a separation of the two accounts

payments had to be shewn in the

service head 14 Palace. Hence

was necessary in these accounts

or as such classification was made

ced Account compiled by him which

have taken up as the Palace Account

correctness or otherwise.

ld vouchers must be in the old records

got dis arranged during disinfection

and temporary establishment to re-

these vouchers may be forthcoming

orking back to 1895 have been so

d and sanction for temporary hands

onth of January /02 has not yet

This cannot be appreciated without an inspection of the accounts referred to.

The criticism is admitted to be correct. I am unable to say whether the explanation is adequate If Sessions wish to ~~prosecute~~ pursue the matter further

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The govt in their order No 2437C 7-02 declined to sanction the ~~ye~~ Papers are sent up for Havaran ~~rs~~ letter No 12 & 4 7-02)

No.	Month.	Amount.	No.	Month.	Amount.	No.	Month.	Amount.
			TUMKUR.					
134	April 89...	12 0 0	274	Sept. 90...	13 8 0	...	...	12 0 0
225	...	40 4 0	320	Feb. 91 ...	1 8 0	162	Oct. 91 ...	12 0 0
126	May ...	12 0 0	193	April 91...	12 0 0	241	...	1 8 0
213	...	48 4 0	303	...	14 4 0	281	...	56 4 0
222	Aug. 89 ...	27 0 0	159	May ...	12 0 0	204	Jan. 92 ...	12 0 0
156	Sept. ...	24 0 0	302	May ...	44 4 0	491	Jan. 92 ...	38 4 0
309	...	42 12 0	169	June ...	12 0 0	325	Feb. ...	12 0 0
149	May 90 ...	12 0 0	295	...	14 4 0	363	...	1 8 0
255	...	17 4 0	163	Aug. ...	12 0 0	367	...	20 4 0
176	July 90 ...	12 0 0	290	...	1 8 0	218	June 92 ...	12 0 0
279	...	3 0 0	293	...	32 4 0	342	...	1 8 0
177	Aug. ...	12 0 0	227	Sept. ...	1 8 0	395	...	61 8 0
290	...	15 0 0	282	...	14 4 0			
			KADUR.					
137	July 90 ...	500 0 0	185	Nov. 91 ...	500 0 0	213	Mar. 92 ...	500 0 0
146	May ...	500 0 0	141	Feb. 92 ...	500 0 0	182	April ...	500 0 0
184	Nov. 91 ...	500 0 0						
			MYSORE.					
6	April 89...	500 0 0	118	June 90...	765 0 0	656	April 91...	373 1 8
35	...	700 0 0	78	July ...	800 0 0	92	...	353 14 0
40	June ...	500 0 0	80	...	650 0 0	214	June ...	170 0 0
64	...	235 0 0	663	...	70 14 4	3	July ...	800 0 0
58	Sept. ...	195 0 0	299	Aug. ...	49 0 0	90	...	700 0 0
704	...	107 10 6	68	Sept. ...	650 0 0	276	Sept. ...	175 0 0
29	Jan. 90 ...	500 0 0	74	...	800 0 0	68	Dec. ...	40 0 0
48	Feb. ...	500 0 0	53	Oct. ...	265 0 0	3	April 92...	800 0 0
*14	Mar. ...	500 0 0	631	...	72 0 0	340	...	26 8 0
2	April ...	500 0 0	595	Nov. ...	46 8 0	387	May ...	190 0 0
24	...	700 0 0	531	Jan. 91 ...	57 0 0	667	June ...	90 8 0
316	May ...	240 0 0	549	Feb. ...	97 8 0			
56	June ...	800 0 0	*620	Mar. 91...	52 8 0			
			HASSAN.					
236	June 91...	41 0 0	263	Sept. 91 ...	5 0 0	268	Dec. 91 ...	41 0 0
242	July ...	41 0 0	238	Oct. ...	113 0 0	282	June ...	41 0 0

In the case of payments marked with an asterisk there are neither vouchers nor lists of payments forthcoming.

20. These payments find place also in the Huzur Treasury List of Payments as part of the amount transferred to the Resident's Treasury to meet the monthly demand of the Accountant General, Madras.

(b) Pension Payments outside the Province.

Para 20: I do

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not understand either the meaning or

ed here.

Nor do I see Mrs needs

21. It might as well be stated at once that no detailed audit of these figures has been undertaken. In the demand are entered aggregate payments supported by bundles of accompanying vouchers, but it is not ascertainable from these whether the payments relate to the Palace or to the State, neither is there on record any index for these years of Palace pensioners. A detailed test of the amounts would be laborious and would take up considerable time in comparison with the amounts involved.

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he kind under reference especially

ors of this Office hitherto

nor extra labour in the process.

The matter needs no further notice.

22. The figures shown in the allocation abstract made in the Comptroller's office have been traced through the registers into the Account Current, where they have been correctly charged. Demands in support of the following charges cannot be produced :—

		Rs.	a.	p.
April 1889	... ...	101	8	0
August 1891	... ...	268	8	0
November 1891	... ...	261	0	0
December 1891	... ...	276	0	0

23. These consist of (*a*) payments to firms, etc., on requisitions received from the Palace Controller, (*b*) charges finally debited to the Palace by the Civil Comptroller, (*c*) remittances to the Bank of Madras.

(*c*) Special Disbursements.

24. Payments under (*a*) charged to "Advances" or "Remittances" by the Civil Comptroller come under detailed audit in the Palace Controller's Accounts.

25. Payments under (*b*) are few and have been correctly charged. In the case of purchases during tours, these charges were made on the authority of the tour account received from the Dewan's office. Some acceptance would seem to have been necessary in such cases. Thus an amount of Rs. 1,108-8-0 paid and charged off finally on account of a turn-out purchased has not been acknowledged by any Palace authority.

Para 22. The doc

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Para 24 "Advanc

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ust have been purchased in a tour.

The Controller's
report on returning account
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Audit may be accepted

26. The remittances to the Bank (*c*) agree presumably with the pass-book and are correctly charged. The procedure at the time seems to have required the entry of these sums against the head "Palace Remittances." provided in the Account Current. Many payments are shown, however, under "Local Remittances" and no correction of these erroneous entries were ever made in the Treasury Accounts. The payments are subsequently correctly shown as charges against the Palace in the Detail Book. However, accounts should be correct at each stage of their compilation and the steps between the Treasury Accounts and District Abstracts should have been made apparent.

27. In January 1890 an amount of Rs. 50,000 remitted to the Palace passed into the Provincial Accounts as a "Local Remittance." The amount was charged also to the Palace in the Account Current for the same year, which perhaps is explained by the fact that this did not issue until a whole year after date. This entry caused of course a discrepancy to that extent between the amount of "Palace Remittances" as appearing in the Provincial books and that shown in the Palace Account Current.

28. In the following year the amount was adjusted in the Provincial books by credit to "Local Remittances" and debit to "Palace." There is consequently the compensating difference this year, between the general books and the Palace account.

Para 26. Why is

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Paras 27 & 28 T

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and the procedure for rectifying

the Civil Account Code Vol:II

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... may be accepted

29. *Closing Balance.*—It is noticeable in the Account Current for 1889-90 that while there is shown the large balance of Rs. 2,59,609-12-7 in favour of the Palace, there at the same time appears as an excess payment from Provincial revenues the sum of Rs. 4,63,232.

—(d) Adjustments, etc.

30. It is explained that, in order to save remittance charges from Mysore to Bangalore and back again, the Mysore Treasury was instructed to transfer its balances to the Madras Bank as remittances on account of Palace. The remittances so made proving to be a long way beyond the requirements of the Palace for the year, the excess was taken out of the accounts and treated as a remittance of the following year.

31. Whether it was due to the impression which this procedure might be calculated to give, *viz.*, that of a large excess payment in one year pointing to the necessity of a restriction of expenditure in following years, or whether, apart from this, the Palace has spent what it wanted to spend and has yet fallen within the margin of the yearly revenue, the fact remains that from the commencement the balance held in Government Treasuries on account of the Personal Estate has steadily undergone increase year by year and partakes more of the nature of a fund than of a current working balance as the accounts show it.

32. Had this been prevented, it is probable that the amounts would have been invested before they were, instead of unprofitable deposits being made year after year in Government Treasuries. As it happened, the balance in 1883-84 was apparently Rs. 74,764-1-9; this steadily increased; but it was only after it had reached in 1887-88 the large sum of Rs. 3,68,998-3-2 that securities were purchased and the balance reduced to Rs. 1,06,664-7-4. From this point the fund again grew steadily, but it was only when, in 1891-92, it had forced itself to prominence by reaching the high figure of Rs. 3,98,360-15-5 that securities were purchased.

Paras 29. to 32. It

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to meet payment of Civil List in
ommencing from April next- This
ted the Mysore Treasury in January
plus into the Madras Bank, Mysore,
476 dated 9th January 1890 to the
In charge of the Treasury. This was
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In what respects this explanation
ernment as inadequate I am unable
mount so paid aggregated Rs.4,60,000/
advances recoverable in the Provincial
hat it might not be mixed up with the
for the year1889-90 and it was adjuste
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nt of Civil List for 1890-91. It

Why the reserve maintained
in Mysore affects the
future demands on account
of Civil list Shd not
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State cash balance & Shd have
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recoverable' & is not
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33. A conformity of procedure was not followed in connection with the ger account of the Personal Estate. The balance of 1889-90, for instance, cludes an amount of Rs. 3,20,000 due to investments, *viz.*, debenture s. 2,94,500 and Government of India bonds Rs. 25,500. The purchases of 87-88 should have been included in the accounts in the same way, but were not.

Para 33. On acco

of Palace Accounts from

in the following year

being continued.

34. The transactions included in the Account Current prepared by the Comptroller find entry either as actual receipts and final charges or fall under one of the Debt heads.

Note Book of the Personal Estate.

35. After the submission of the account a Note Book of the Personal Estate showing only actual receipts and final charges was posted and the balance struck.

Para 35 to 39. This

36. It is evident that the balance of the Note Book will differ from the balance of the Account Current by the net excess or deficit of the receipts under the Debt heads over or below the charges under these heads. The detail of the

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should be kept separat

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otherwise correctly accounted for.

transactions for the years 1889-90 to 1891-92 have been

48. [illegible] a small discrepancy of Rs. 1-6-3, the cause of which is not

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the time and the balance subsequently disbursed as a presentation from the

Gaekwar of Baroda for distribution to Palace servants. A portion was paid at

47. In June 1891 a sum of money was received from H. H. the

expenses, *vide* para 38.

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here was no irregularity either

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Comptroller's query
to Mr Scott.

Paras 37, 38 & 46 - I beg
to be informed under what
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moneys received in any
Treasuries (and in Palace Dy
in particular) as Deposits
shd be kept apart and not
used for the current require-
ments of such Treasuries -
only the differe between the
actually counted & Verified
Cash balance & the balance

38. The minus balance in the Palace Treasury shows that deposit money, which should have been kept separate, has been utilized to the extent at least of Rs. 2,794-13-10 in 1889-90 and of Rs. 13,238-0-5 in 1890-91, to meet current expenses.

39. The minus balance under Suspense is due to Final heads having been debited against a receipt under a Debt head and represents the liability of the Palace at the end of the year on account of monies advanced by the Civil Comptroller in that or previous years but not yet adjusted by him to the debit of the Palace.

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of deposits should be exhibited in a Balance Sheet-

Mr Scott's reply-(a) The procedure under which Deposit money is not used for current purposes is not essentially a matter of account at all, but one of control as you may be aware having been in touch with it in the P. W. Dept; the question raised moreover does not relate to the accounts of "Any Treasury or the Palace Tr Y in "particular" but to those of a disburser viz the Palace Controller, who works upon an annually sanctioned budget. These moneys should, I believe, be remitted to the Imperial Treasury on an analogy with the procedure under which all receipts on account of the Personal Estate are so remitted, as required by Mr Biddulph's Palace Manual.

(b). I presume the question in the latter portion of the above paragraph has reference to the detailed balances worked out in para 37 of my report. It will be noticed that I have not dealt with the note book account itself, but have merely detailed the balance shewn which cannot be independent of the account itself. The question accordingly is whether the account which you call a balance sheet included deposit-transactions? It did not so far as I am aware and I can scarcely be expected to explain the omission.

Comptr at any rate cannot be blamed Explnacy

40. Considerable delay occurred at times in the adjustment of these items of "Suspense." Thus the balance under Suspense in 1891-92 includes the amount of Rs. 18,000 transferred in that year from the Bombay Bank to the Madras Bank, and which was credited to the Palace under the Debt Account. The amount was adjusted by the Comptroller in the year 1894-95, or three years after.

41. The item of Rs. 1,980-8-0 has been shown separately. It is the excess of what is shown in the Note Book as a cash balance at the end of 1888-89 over the corresponding cash balance of the Account Current, *i. e.*, it is the net excess under the Debt Account of the debits over the credits to the end of 1888-89. As "Deposits" is the only head under the Debt Account affecting the Palace Treasury cash balance, the only inference that can be drawn if the Note Book entry for 1888-89 is correct, is that deposits have been overpaid and the Palace has suffered loss to the extent at least of Rs. 1,980-8-0.

42. It may, however, be due to a Suspense item,—though how a debit balance could have asserted itself under the Debt Account I am unable to conceive. If, however, it is a Suspense item, credit to the Palace has been long delayed, if it has been given at-all. It was due in 1888-89, has not been afforded, as far as can be told, in the accounts of the three years 1889—1891, and may still be outstanding.

43. The amount was referred to by the Comptroller in his detail of the closing balance of 1889-90, but it was merely stated that the amount represented the excess of the payments under the Debt Account over the receipts. The amount was not investigated even though, as mentioned above, the difference between the two accounts is presented as being in the balance of the Palace Treasury.

Palace Controller's Accounts.

44. *Receipts.*—A separate register showing items of deposit as they were received or disbursed was not maintained. Once in three or four months the accounts were gone over and a list prepared of what could be ascertained as representing the items of deposit outstanding on that date—a very precarious procedure, especially as at times, after there had been transactions against several deposit items, only the net receipt or payment found entry in the accounts.

Deposits.

45. There is, however, only one instance in the accounts of the three years 1889-90 to 1891-92 where repayment of deposit money was made in excess of what was received, *viz.*, in July 1899 when payment was made of Rs. 565-12-0 against a receipt of Rs. 563-15-0. This over-payment was subsequently recovered, but see para 41.

46. Money received in deposit has been used regularly to meet current

delay complained of, this Office

accounts from the Dewan's office

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cessary on their account. All

ily be repaid in cash.

47. In June 1891 a sum of money was received from H. H. the Gaekwar of Baroda for distribution to Palace servants. A portion was paid at the time and the balance subsequently disbursed as a presentation from the Sringeri Guru.

48. But for a small discrepancy of Rs. 1-6-3, the cause of which is not traceable, the deposit transactions for the years 1889-90 to 1891-92 have been otherwise correctly accounted for.

Receipts on account of the Personal Estate.

49. As in the case of deposits, these miscellaneous receipts were frequently utilized to meet current expenses instead of being at once remitted to the Mysore Treasury, and it was consequently necessary to carry forward month by month an arrear balance payable into the Treasury at a future time.

50. A sum of Rs. 100 contained in the opening balance of April 1889 seems to have been paid in excess into the Treasury. This does not of course affect the net result to the Palace.

51. *Expenditure.*—The current expenditure of departments divides itself under the heads of Establishments, Supplies, and Contingencies.

Recurring Charges.

52. Lack of time did not permit a very minute or extended audit of this expenditure. Different departments were, however, taken up, and the expenditure under each of the above divisions, for different intervals, checked. Vouchers were not in many cases forthcoming for payments on account of establishments and contingencies, nor could the departmental indents for supplies be produced by the Motikhana. The accounts however bear evidence of supervision of responsible authority, and the results, so far as could be checked, have been correctly brought out and payments made.

urchases.

53. The bills for purchases were checked and the registers examined.

54. In January 1892 Hamilton & Co. issued a reminder asking for payment of a balance said to be due to them. The money, it seems, was paid without question There is no trace to be found of the details of the jewels or the date of their purchase. The amount involved is Rs. 440.

55. The registers were not systematically posted. In some cases these are maintained in the Controller's office as well as in the departments, in other cases only in the departments. Some articles are posted, others excluded, owing to the value being considered insignificant or owing to their disposal soon after purchase. The books are of little value as records.

Advances.

56. So far as advances made from the Palace Treasury are concerned, the accounts are, on the whole, satisfactory. There is however an item of Rs. 76,269-11-1 representing advances made from time to time to several Rajabandhus and shown in a lump sum in the Advance statement. Endeavour was made to separate the amount into individual dues, but this proved very laborious work, owing to money advanced to one person being returned, owing to his death perhaps or absence, by another and acknowledged with no very clear description of the account to which it belonged. The separation for the two years 1883-84 and 1884-85 has been effected. It would be satisfactory if this could be completed to date.

57. The accounts however of amounts advanced by the Civil Comptroller and advised to the Palace Controller are not in so satisfactory a condition. It would seem that each office expected the other to watch the adjustment of these transactions, so that between them they have received very little attention, as the following paragraphs will show.

58. There are some advances made even prior to 1889-90, and others made during the year, which have been carried on from year to year and are still unadjusted. The correspondence shows the articles to have been received in 1889 or before, and why the amounts have not yet been charged to the Final heads concerned, remains a mystery; *e. g.*—

		Rs.	a.	p.
Amount paid to	Mr. Sanderson ...	3,636	5	9
Do	Sowkar R. Tawker ...	4,950	9	0
Do	Woodville & Co. ...	7,525	0	0
Do	Archibald & Co. ...	713	12	0

Paras 56 to 70.

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59. As already mentioned in my memo of the 3rd instant, out of an amount of Rs. 29,993-12-9, advanced to the Durbar Bakshi during the months of January and February 1890, only a sum of Rs. 19,123-1-0 has been accounted for, leaving a balance of Rs. 10,870-11-9, for which the Durbar Bakshi has submitted no accounts, nor is there any trace of the amount having been repaid in the Palace or any Government Treasury.

60. The usual procedure in dealing with the Durbar Bakshi's accounts was to enter the transactions up in the Cash Book, whence they were carried into the Account Current where "Suspense" was credited and Final heads concerned debited. No detailed account of "Suspense" was maintained, so that it is not manifest to what extent the figures of the Account Current are due to cash transactions and to what extent to adjustments. The Cash Book itself is very inexplicit, and the intermediate compilation between it and the Account Current not having been recorded, the separation could not be effected, working from this basis.

61. The Cash Book however does show, recognisably, the entries due to the Durbar Bakshi's expenditure. These entries have been carefully checked for the three years 1889-90 to 1891-92 and confirm the result already presented by the file of the Durbar Bakshi's original accounts, *viz.*, that the sum of Rs. 10,870-11-9 has not been accounted for.

62. This sum is, as a matter of fact, still outstanding in the Advance List in connection with the Current Accounts. These show a sum of Rs. 5,627-4-9 against the Durbar Bakshi and a sum of Rs. 5,243-7-0 against Messrs. Woodville & Co. The total of these two sums aggregates Rs. 10,870-11-9.

63. The amount of Rs. 5,243-7-0, however, is acknowledged by the Durbar Bakshi in his accounts, shown also as having been paid by him, and has been finally charged in the accounts. The outstanding accordingly must be the undisbursed balance of some other advance.

64. The Civil Comptroller's accounts show the advance of two sums, *viz.*, Rs. 7,000 and Rs. 3,000, to the Durbar Bakshi in the month of January 1890. For the sum of Rs. 3,000 a receipt signed by the Durbar Bakshi is recorded, but against the sum of Rs. 7,000 a receipt from the Durbar Bakshi for Rs. 5,000 only is forthcoming. Neither the Rs. 7,000 nor the Rs. 3,000 has been accounted for by the Durbar Bakshi.

65. Again, in February 1890 the Comptroller's accounts show an advance of Rs. 3,214-5-9 and the Durbar Bakshi's receipt for this amount is recorded. In his account however he has credited only a sum of Rs. 2,343-9-10, *i. e.*, an amount less by Rs. 870-11-9.

66. This amount of Rs. 3,214-5-9 was advanced in one sum to the Durbar Bakshi for payment as follows:—

		Rs.	a.	p.
Saliah Mahomed Cassim	.. ..	870	11	9
Messrs. Spencer & Co.	.. ..	576	14	0
,, Bertie & Co.	.. ..	256	12	0
,, Orr & Barton	.. ..	1,500	0	0
Total	..	3,214	5	9

67. Though the item of Rs. 870-11-9 has not been brought on to the Receipt side of his account, it has been debited by the Durbar Bakshi on the Charge side as paid to Saliah Mahomed Cassim, so that the discrepancy is not merely an omission of equal amounts from each side of the account.

68. These three items, *viz.*, Rs. 7,000, Rs. 3,000 and Rs. 870-11-9, aggregate Rs. 10,870-11-9.

69. The fact that this amount is still outstanding in the Advance statement, bears weight, in the degree to which the accounting of the intervening years (1892 to date) can be relied on, to the effect that the amount has not been accounted for up to date.

70. It may be noticed that though the Advance statement was incorrect, yet it showed an advance of Rs. 5,627-4-9 against the Durbar Bakshi. No attempt was however made during the ten and more years that the amount has been outstanding, to adjust or to recover the money, until quite lately when the Palace Controller wrote to the Civil Comptroller asking for particulars of the amount.

communication with u

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Advances paid or

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Vide para 169(2) of h

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State Comptroller has

Palace all advances ma

finding that such inti

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notice of by the Palac

his information.

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to explain some of th

parties concerned. These accounts

ıthly cash accounts received in

lace Controller.

redited are not debited or credited

Advances" in the body of the account,

ace at the close of each month

Controller's monthly cash account

Cash Balance. This system of

owed even during the British Ad

ued up to 1897-98. The fact has

ıy comment in Mr. Biddulph's report

ı report on Palace Accounts,

ben that this Office is not res-

tment of advances, and it is there-

ate that "each Office expected the

ustment of those transactions". The

been regularly intimating to the

ie by him out of Palace funds and

mation had not been regularly taken

lish of all outstanding balances was sent by the Palace Controller

Controller in the year 1898 for

explanation I shall now proceed

ems noticed by Mr. Scott.

Payments to Mr. Sa
para 58 were made by th
Palace Controller and i
and duly intimated to h
Palace Controller to of
have been supplied.

The amount alleged
simiah Iyengar is Rs.10
Mr. Scott's report), bu
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for the reason that the
through Mr. Narasimma
found that this amount
received from that Off
outstanding list and a
correction in its list
The amount therefore st

In regard to this
state that Article 26
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Comptroller not to Pal
paid out of Palace Fun
Palace Controller.

On the receipt of

rson and others referred to in

office on the authority of the

uded in his outstanding list

as usual, and it is for the

necessary adjustment when aticl

be outstanding against Mr. Nara

0-11-9 (vide paras 59 to 69 of

f this amount, Rs.5,243-7-0 was

e and Company, by this Office,

unt was paid to that Company

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i been charged in the accounts

r he should Have corrected the

ıd this office to make a similar

f outstandings which was not don

nds against Woodville and Company

tem of Rs.10,870-11-9 I beg to

) Civil Account Code applies only

ming under the audit of the Stat

, Officers , whose salaries are

and who come under audit of the

he original accounts, Pass Book

71. The Durbar Bakshi's accounts as received by the Palace Controller would seem to point to the fact that monies advanced to him were not separately secured but kept along with private money. Thus in one instance an error of annas 4 had been committed in totalling the account and a balance in excess by annas 4 was entered to tally the two sides. The amount is certainly small, but I venture to think that, had the cash been separately kept, the error in addition would have been detected. In another instance disbursements exceeded the advances made. The private money used was subsequently refunded.

72. What has happened once may happen again, and through want of proper check private money be used in discharge of Palace expenses, though it is scarcely feasible that any considerable intrenchment on private means would be allowed. In the accounts of the Durbar Bakshi, however, submitted for the advances received for the Bangalore trip of August and September 1891 an amount of Rs. 1,400 is credited. The Civil Comptroller has struck the item off the accounts with the remark—"The difference of Rs. 1,400 shown in the Palace Accounts has not been paid by the Huzur Treasury . . .but the difference has to be traced out by the Palace Controller and reported." The matter has ended there, and nothing more is known of this sum of Rs. 1,400. If it was advanced by a Government Treasury, no debit has yet been raised against the Palace, and if it was private money included by mistake, which is improbable, no refund has been made.

73. Again, in March of the same year an advance of Rs. 200 was made to the Durbar Bakshi for the malnad tour. On receipt of the Durbar Bakshi's accounts the Palace Controller credited Suspense and charged the Final heads concerned. The Civil Comptroller remarks in his statement of corrections that "the amount has been credited to Deposits as the nature of the receipt is not known—Palace Controller to enquire and report." There is no trace of any enquiry or report having been made, and it is doubtful whether the necessary debit to the Palace has yet been made.

74. It was reported in my note of the 3rd instant that an excess charge of Rs. 2,138-1-4 seemed to have been made against the Palace. The amount was advanced in connection with the Madras trip of 1888-89. The Civil Comptroller correctly debited the amount to the Palace in 1889-90, but again in the year 1891-92 made a second charge of the same amount. I find, however, that the over-debit was written back in the year 1892-93.

75. Another item of Rs. 20,000 passed through the following process:—It was advanced in the year 1888-89 in connection with the Madras trip and finally adjusted in that year. A second debit was raised in 1889-90, but was detected in the following year, and a credit of Rs. 20,000 was afforded to the Palace. In 1891-92 the mistake was repeated and the charge was debited for the third time. This happened to be again discovered and a second credit of Rs. 20,000 was afforded in adjustment in the year 1892-93. These three successive charges to the Palace were made, it would appear, on receipt of each of the two statements from the Bank of Madras in connection with the two Deposit accounts of the Dewan and again from the Tour account sent in by the Dewan's office, the corresponding credit adjustments in the Provincial books being in the first instance to "Presidency Bank" and in the remaining two to "Advances Recoverable." Though consequently in this case the Treasury balances as shown in the accounts were left intact, it might be remembered that the entertainment in the accounts of double debits of this description might lead to the temporary misuse of Government money.

and other papers that a

into this as well as o

the report, and submit

(Office note — Dewan write being traced

Para 75. The doub

adjustments according

not made in cash acco

ment money left out o

The possibility

and a system of adju

is elaborately laid d

17
30

e now with the Dewan I shall look

er unadjusted items noticed in

urther explanation.

The Resdt Secretary writes that he has only that the papers are
Vide Porfor no 18 in the file).

This was taken up & a G.O. made me last year
thereupon.

debits referred to, are only Book

o Mr. Scott's own description and

ts. There was therefore no Govern-

account for any temporary misuse.

such error has been duly recogni-

ent for rectification of the same

h in Chapter 55 Civil Account Code.

Comptroller's query to Mr Scott. In what accounts the double debits referred to in the last part of this para were first made and in what other accounts they were "entertained".
Kindly state also by an example how any misuse of Govt money could have been made and by whom.

Mr. Scott's reply-
I have not the memory to enable me to reply to the first part of this paragraph which is somewhat vague in addition. However

Errors under Local Remit
debits accumulated from 1867
Errors under Railway Suspens
and a few other minor errors
in Government Provincial Acc
traced, some have already be
awaiting Govt: Orders for ad
Auditors such as Mr. (now Si
Bidulph have noticed these e
not thought fit to draw such
one made by Mr. Scott.

Payments of two lacs
in the Huzur Treasury accou
annual list of Palace paym
sent to the Palace Control
having been added in his o
has been duly communicated
dated 24th August 1891.

As for payment, a sum
entered in the account cur
sent to the Palace Control
Akilandya on account of i

tances by erroneous or double

and amounted to Rs.50,000/-.

amounting to Rs.140,000/-

of years accumulation standing

unts have only recently been

n adjusted and others are

ustment. The successive Special

James) Westland and Mr. B

rors and differences but have

serious inference as the

I went through this transactions with Mr Vyapuri Chetty who perhaps can let you have the information wanted. It is now nine months since I dealt with the accounts.

I think I can scarcely enter upon the specification you proceed to require. A misuse or fraud must have its initiation, directly or indirectly in the reception in the accounts of an excess charge. Once this has happened, apart from particular circumstances, it is an equal probability that the corresponding credit will go to cash or to any other head.

Akkalandya in April 1899 appears

for that month and in the

ts for 1889-90 prepared and

and the fact of this item

standing list for that year

o him in this Office No.2284

of Rs.29,999-1-0 is distinctly

ent for 1891-92 prepared and

er as "interest received from

erest on loan of 2 lacs", and

an amount of Rs.2,00,000 ha
Accounts by subtracting fr
as stated in para 5 of Mr.S
makes no mention of the cre
appearing in a clear and di
The whole amount viz Rs.2
is duly credited in the Ma
one of the Palace Disburse
The purchase of Govern
appears in the same Pass B
of Rs.29,998-1-0 as intere
paper appear in the Note B
to understand the observat
this report or those of Go
order. For further and mor
is invited to my memorandu
D.O. letter dated 12th Feb

been credited in the Palace

the balance of outstanding

ɔtt's 3rd report. Why Mr.Scott

it of Rs.29,991-1-0 as interest

stinct entry I cannot explain.
Principal/ Interest

9,999-1-0 (2,00,000 + 29,991-1-0)

as Bank Pass Book (Which is

s).

ent Paper for Rs.2,30,000 also

k. These transactions viz credit

and the purchase of Govt:

ok also. I am therefore unable

ons made in paras 5 & 6 of

t: made in para 12 of their

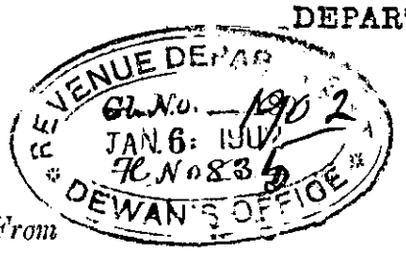
detailed explanation a reference

submitted to the Dewan with

uary 1902.

Gen. Jun 65 of 1901-02 1
Serial 3 Confidential 12
13

DEPARTMENT



From

The Comptroller, Mysore Govt.

To

The Secretary to the Govt. of Mysore,

Dept.

Dated 4th January.

Despatched

Received

No. 4380

No.

SUBJECT MATTER.

With file
Hm
6/1/1902

Submitted to the Dewan.
The Papers asked for
may be returned -
Hm
7/1/1902

Acknowledging the
receipt of printed
Proceedings No H 706-8
dated 20th November 1901
and requesting the
Return of records,
Registers, accounts &c
which were sent to
the Dewan since July
last on his various
D O requisitions

4 380 Confl

DEPARTMENT

OFFICE OF THE COMPTROLLER, MYSORE GOVT.

Bangalore, 4th January 1902

From

E R. SUBRAYER, Esq.,

Comptroller, Mysore Govt.

To

H. V. Nanjundayya Esqr M.A. M.L

~~The~~ Secretary to the Govt. of Mysore,

Rev & Genl Dept.

Sir,

I have the honor to
Acknowledge the receipt, enclosed
in a Cover marked Confidential
of Gavernment printed Proceedings
No Jl 706-8 dated 20th November
passing orders on the report of
Mr Scott Examiner P.W. accounts
made on his examination and
audit of the Palace accounts
of the three years 1889-90, 1890-91 and
1891-92

2 In regard to the unadjusted
advance of Rs 10870-0-0 Standing
Against retired Durbar Bukshy

Mr A Narasimmaiengar, the
Palace Controller as the officer
responsible for audit and adjust-
-ment of such outstandings has
been asked to take necessary steps
in the matter

3 For analysing the overcredits
and errors under Suspense &c
noticed in Mr Scott's report, I
find that the attempts hitherto
made in my office after the
receipt of the above Government
Orders have not proved completely
successful

4 I beg therefore that the
records, Registers, accounts &c
which were sent to the Dewan
since July last on his various
D O requisitions may be ordered
to be returned to me for this
purpose as also this office
Copy of the Note Book Containing

Maharaja's

Maharajah's Personal
Estate account.

I have the honor to be
Sir
Your most obedient servant

G Norbury

Comptroller

Gen Fin. 18 of 1901-02
Serial 4
GOVERNMENT OF MYSORE

17

Bangalore
12th Feby 902

Dear Mr Krishnamurti

I have for some time past been anxiously considering how I should approach you on the subject of the order of Govt (Genl & Pol. No 706-8 dt/20-11-901) relating to the repayment of Messrs Akhtarsaheb & Co's loan.

2. Both the transaction & the correspondence ~~connected~~ & documents connected therewith having been originally conducted in strict confidence & myself having been concerned with the recovery &

& upright of the town to the Palace
in a private Capacity I
have thought it best to
address you direct in this
manner.

3. Whatever decision on the
merits of the system & of the
accts maintained eventually
you may be pleased to pass
on a perusal of the annexures
to this letter & of the explanations
which will be officially submitted
later on, in regard to the various
other points on which such explns
have been called for, this
question that concerns me

most personally & on which I
feel I may not unreasonably
hope for a definite pronounce-
ment is whether as the Endorse
of the Forms Pro' note & the
Executant of and the Pro. note as
security for the endorsement,
I have fully discharged my
trust beyond all doubt &
suspicion, that is, whether
the money was duly received
by me & actually brought to
credit in the Accts of the
Palace -
4. I therefore beg, as an old
& as I believe, a faithful
& loyal

A

loyal servants of the State, that you will kindly hasten your early & best consideration on the accompanying Memorandum & the appendices & cause a clear & more definite pronouncement to be made by Govt.

5. Having a clear conscience & valuing my reputation dearer than my earthly possessions I am deeply distressed that, from the acts of my office maintained under a system followed from the very formation, any inferences shd have

been drawn by Mr Scott
without any reference to or
explanations from either
myself or my assistants who
were directly responsible for
the Completion of these sheets
and expressions used in
the order of Govt. passed thereon
which are capable of being
construed as a reflection upon
my conduct as a public
Servant charged with a heavy
trust by His Highness the late
Maharaja & as an Asst.
Officer of 9 years' standing

6 I therefore earnestly beg that

Your

[illegible]

you will be pleased to take
at your earliest convenience
such steps as you may deem
proper to relieve me completely
from this distressed state
of mind

I am yours very truly
E. Robinson

Enclosures -
1. Memorandum
2. Appendix A
3. — do — B
4 — do — C.

/

CONFIDENTIAL.

OFFICIAL MEMORANDUM.

3rd report of Mr.Scott, Examiner Public Works Accounts, Dated 20th September 1901. On the loan to Messrs.Akilandyya & Co.,

Government order No.FL706-8 dated 20th November 1901.

I have in my letter No.4380 dated 4th January 1902 reported the action taken by me in regard to the unadjusted advance standing against retired Durbar Bukshi Mr.Narasimmyaiengar, and requested Government to favour me with the return of accounts, registers, records &c submitted by me to the Dewan I have since asked the Palace Controller if he has made any arrangements to carry out the modifications &c ordered by Government in para 13 of Proceedings No.706-8 dated 20th November 1901 to be carried out in the Palace Accounts from the 1st Instant para 13 from Govt Pro FL706-8 dt 20-11-901.

2. On receipt of the accounts, registers &c from Government and on getting the Palace Controller's reply to my two references, necessary steps will be taken to furnish my explanations and reports on the several points referred to in the Proceedings quoted above.

3. Meanwhile as Mr.Scott's 3rd Report

Report deals with only one single item viz- loan to Messrs.Akilandyya & Co., and itsrepayment, and as all the accounts sent to Mr.Scott have since been returned to me and some of the Confidential papers and Documents which the Dewan was kind enough to show me in July last have been quoted in the Report itself, I think it unnecessary to delay my explanation in regard to this transaction.

4. If, as is not unusal in such cases, an opportunity had been afforded to me or to my Assistants directly responsible for these accounts either during Test Audit or before the issue of Government orders thereon, I am confident that we would have ~~search~~ satisfied both Mr. Scott and the Government that there was absolutely no doubt in respect of this transaction either in the accounts themselves or in the authorities that could be produced in support of them.

5. With reference to the observation of the Government in their Proceedings No.471-3,FL45, dated 15th July 1901 that "it is the accounts which show an unsatisfactory condition and quite an unmethodical and unbusiness-like way of keeping. Some transactions only have been entered in the accounts kept by the Palace Controller. Others are found mentioned in the Huzur Treasury Account and in those kept by the Government Comptroller. A third set again which

Marked as Appendix A.

which are found in the Madras Bank Accounts find no place in either of the accounts above mentioned.", I beg to submit herewith a brief History of the system of Palace Accounts and the Procedure adopted in maintaining and compiling the same. This system had been initiated by the late Mr.Hudson so far back as 1868 when the Mysore Account Department was controlled by the Controller-General at Calcutta, and had been followed since then with the slight modification introduced on the opening of a branch of the Madras Bank at Mysore at the special request of His Highness who personally controlled his Civil List. Under such a system of personal control a great many transactions never went through the Palace Controller's Treasury Accounts, he being responsible only for all the transactions that took place in his own Treasury and for adjustment of those referred to him by the State Comptroller, while the State Comptroller, though not held responsible for controlling or auditing the Palace expenditure otherwise than by merely testing the arithmetical accuracy of the same, was yet entrusted with the duty of receiving the cash or initial disburse-
accounts from the Palace and Civil Treasuries and from the Mysore Branch of the Madras Bank in all of which Palace transactions appeared, and of compiling and consolidating them all into

into two sets of annual accounts one for the information of Palace Controller and another for that of His Highness the Maharaja.

6. Under such circumstances, the Palace Controller's, the Madras Banks and the Civil Treasuries accounts were from their very nature separate from one another. The transactions appearing in That Bank or in the Civil Treasuries cannot therefore find a place in the Palace Controller's Treasury Accounts or vice versa those appearing in the latter cannot appear in either of the former just in the same manner that the transactions of Chitaldroog District Treasury cannot appear in the accounts of Hassan District Treasury or those of the State Huzur Treasury in the accounts of the Bangalore District Treasury located in the same place. The State Comptroller's Account are not however of this nature- being a compilation and consolidation of all the several disburse accounts embodying all the Palace transactions appearing in them and also of any, by transfers or Book adjustments, made by him on the Public Works, Forest or other Departmental Accounts received in his Office. In fact these accounts of State Comptroller are for Palace transactions what ~~is~~ the Provincial Consolidated Accounts are in regard to transactions on Government and other accounts in the Civil Treasuryes Departmental and other Ac-

Accounts received by him as the Central Account Officer. These Consolidated annual compilations which embodied his own Transfers, Palace Controller's and other Treasury Transactions as wellas those of the Mysore Branch of Madras Bank were intended to exhibit and did accurately show the net Financial results of the year's transactions which were well known to His Highness personally and also to the Dewan to a great extent, both of whom had accordingly considered that such accounts as had been prescribed were suficient for purposes of this personal and private estate account, especially with the records and documents of important transactions in the personal custady of the Higher Authorities. I beg therefore to submit that the particular system of Palace Accounts that had been in force was not such as could be subjected to the ordinary Codal Rules applicable to Government Treasuries or Account Offices in general.

7. As Mr.Scott has not in his 3rd Report referred toseveral important documents and records in existence regarding the steps taken to recover, and the actual recovery of, the loan in question and to the various accounts and entries bearing on the subject of recovery of the same, I submit herewith @ a summary of all facts and correspondence which took place in connection with

@ Appendix Marked B.

with this transaction and a description of the accounts in which it appears and also give in Appendix C verbatim as far as possible a list of all entries in connection with this transaction extracted from these accounts and note in juxta-position against each entry the authority in support of the same.

8. Having thus given a History and description of the system authoratatively adopted for Palace Accounts, a complete summary of facts and correspondence and list of allaccount entries appearing in the accounts in regard to Messrs.Akiladdyya & Co's loan transactions, I beg to invite the attention of Government to paras 5 & 6 of Mr. Scott's preliminary Report and paras 26, 34, 35, 36, & 37 of his 2nd Report. From these it would appear that Mr Scott examined all the accounts minutely and balanced them as "correctly wrriten up by him" in para 37. It would also appear that a great deal of labour was spent by him in " pulling up items of advances from previous years and ~~we~~ working them up to three years under Audit." I am therefore unable to understand his statement made in para ~~36~~ 76 of his 2nd Report that "the accounts have thrown no light upon this" (Akilandyya's loan), the more so as this loan by statement is altogether irreconsible with the appearance of this loan as the 5th item in his own balance sheet for the years 1889-90 and 1890-91 and its

and its disappearance from it in the year 1891-92 (vide para 37 of his 2nd report).

9. All Account entries being simple records of the facts of receipt and payments with the usual accounts particulars, the correspondence and other documents and the authority on which such entries are made are not required to be quoted against the entries themselves, such correspondence and documents being usually furnished to the Test Auditors by the Officers responsible for such accounts. These entries cannot therefore be expected to prove any transaction which they record- the required proof being sought for outside and not in themselves. Even if any Code of Rules under which Mr.Scott audited these accounts required such quotation, the confidential nature of the correspondence and documents which in this case were either in the safe custody of the State Huzur Treasury or with His Highness the Maharaja, and so not available to the account Officer, was sufficient justification for any deviation from such rules.

10 If Mr.Scott required for his Audit of this transaction any correspondence or documents other than those he obtained direct from the Dewan and if he in justice to the Officers responsible for the accounts had called for the same either by direct application has

as he did to some extent when he was engaged in the preparation of his 1st and 2nd reports or through the Dewan if he had considered that course more desirable in regard to this transaction, he would have been furnished with the needful references or explanation for non-production, if any was required or found necessary. The absence of such reference, if any, and its bearing on the accounts or the explanation furnished would naturally have been then commented upon, and any inferences or presumptions drawn upon such absence or explanation, would have form the basis of Government orders on the subject.

11. Instead of adopting this natural and usual procedure, he summarily reject one of the three Cash or Disburses accounts viz The Pass Book of the Mysore Branch of the Madras Bank as a document that could not have formed the authority for the credit of two lacs on the simple grounds that so late as the 3rd June 93 the Civil Comptroller was ignorant of the particulars of the credit appearing in that Book, and that the Bombay Bank Deposit Receipt was received by the Palace Controller while the credit when made appears in the Civil Comptroller's account. He however makes no attempt to find the reason or to explain why the Palace Controller who, it is said, received the said deposit Receipt replied to this enquiry that he did not know the particulars asked for (vide Palace Controller's No. 21 dated 12 Aug 93 sent

sent to the Dewan on July last) but assumes the existence of some imaginary document in proof of or as authority for the accounts and then takes the trouble of proving by inference from the same accounts that that "document did not represent a separate additional credit."In doing so he completely ignores the simple and patent facts (1) that no accounts can be compiled or entries made in such compilation on any other document than the Cash Accounts and Transfers enumerated in the last para of Appendix A. (2) that these compilations were made and completed in November 1893 (3) that they took from the same Pass Book not only the credit of 2 lacs towards principal but also the credit of Rs.29,998-1-0 in a distinct and unmistakable entry as interest received on account of this loan and also the debit of Rs.2,47,119-5-5 on account of purchase of Government paper for Rupees 2,30,000 being the amount of principal and interest realised and (4) that they are closed to a balance, one of the items of which is distinctly entered as the balance in the Bank as per the same Pass Book. If Assistant Comptroller Mr. Eagles who had no interest, or connection with this transaction and who made the enquiry in June 93 had been,

been asked by Mr.Scott as one would naturally expect he should have been, how the same Officer subsequently ascertained the correct particulars, closed and passed the accounts, in November 93 the explanation now given in para 13 Apendix B would have been readily forthcoming which might have been either accepted as satisfactory or commented upon as was thought proper.

12, As regards the absence of any direct entry in the accounts, of the repayment of the loan, noticed in para 12 of Government Proceedings No. 706-8 dated 20-11-901, I have only to state that the Officers responsible for the compilation of these acounts, after taking the trouble of ascertaining the particulars of the credit of Rs.2,29,998 in the Pass Book, separating it into two items Interest and Principal and crediting Rs.29,998-1-0 as interest received on the sloan in a distinct and unequivocal manner in the body of (1) the accounts current sent to the Palace Controller, of (2) the consolidated account filed in this Office and (3) of the Maharaja's Note Book, would not have omitted either delibirately or through ignorance or oversight to make a similar distinct entry in the same place regarding the principal of 2 lacs received at the same time, if the system of account required or even permitted such entry being made. I also beg to

to add that similar absence of direct entry may be noticed in regard to the loans made to Sringari Mutt &c vide para 21 Appendix A .

13. I therefore confess my inability to understand either the meaning of or the ~~logical~~ logical necessity for, the presumptions and inferences made in paras 5 & 6 of Mr.Scott's 3rd Report and of the observations made in para 12 of Government order in regard to this loan alone. I therefore beg leave to submit

(I) That the accounts in which Palace transactions appear contain all the direct and readily traceable entries and adjustments required to be therein made by the system recognised and adopted since 1868.

(II) That the loan to Messrs.Akilandyya &Co., has been dealt with in the account precisely in the same manner as other loans and advances referred to in ~~my~~ para 21 of Appendix A.

(III) That the entries contain in regard to these transactions ~~are~~ all such particulars as are usually to be found in such entries and as are found in the case of the other loans above referred to

(IV) That each entry is supported by correspondence and documents which are admittedly reliable.

(V) That these entries prove beyond all doubt and inferences that Messrs. Akilandyya & Co., have fully repaid their loan ~~which~~ with interest.

(Vl) That the entire amount due by them has been realised and fully credited to Palace and has from the date of realisation been and is now found included in His Highness the late Maharaja's Personal Estate Account undoubtedly, without any inferences of the kind made by Mr.Scott in para 5 of his 3rd report and

(Vll) That "the result worked out for the Palace in respect of the transactions in connection with the loan is correct" without any such limitation as is noted by Mr.Scott in para 6 of the same report.

12th July 1902.

Memorandum

Loan to Museum

Akhalandaya H/O

dated 12-2-02.

Appendix A.

History & System of Palace Accounts.

When in 1868 His Highness the Maharaja the late Krishnaraja Wodiar, died, the management of Palace affairs was transferred to Government Agency. All Palace charges were regulated by the Government of India in consultation with the then Chief Commissioner and the guardian to His Highness and scales for Establishment and other charges were fixed by that Government. An annual Budget Estimate of these charges was also framed by the Guardian and passed by the Government of India.

2. Under this management, the Palace Treasury was treated as one of the Government Treasuries and all its transaction were incorporated with the Provincial Accounts as in the case of other Treasury and Departmental Accounts. But the accounts however were not subjected to audit according to the Rules of Account Code, and the Comptroller's Office exercised only a general check over them, while the detailed audit rested with the guardian and the Palace Controller.

3. A few particulars of the sort of general check exercised by the Comptroller's Office are given below:-

(1) Establishment-

Pay disbursed to the members of differe establishments was recorded in separate Registers in the Palace Controller's Office and only an abstract showing the total amount so disbursed to each establishment was sent to this Office without an absentee list physical fitne s certificates, stamped vouchers &c as is required for Government establishments.

(11) Contingencies-

The total sums spent on this account was shewn in the above abstract against each establishment without details being furnished and without vouchers as in

(111) Pensions-

An abstract shewing the total amount disbursed an account of pensions was sent along with the Cash Account without the payee's receipts, and without the pensioners' names, which are indispensable in the case of Government pensioners.

1v) Maramut Works- Endowments to Pagodas, Chutrams and Mutts Allowance to Aviars, Miscellaneous charities by the Maharani and His Highness the Maharaja's pocket money- For all these charges, only abstract bills shewing the total amount disbursed were sent without particulars and without payee's receipts.

(V) Purchases- Detail Bills were received but with only vouchers for items above Rs.100/

(V1) Supplies- No details were ever furnished.

4. All the above charges were audited by this Office in lump sums with reference to the sanctioned scale, Budjet grant and the payee's receipts available in this Office.

5. Before the Rendition no sum was fixed for the Civil List. The actual amount spent on account of Palace was admitted against the State Revenues- All miscellaneous collections on account of the Personal Estate had therefore to be remitted to Government Treasury to be credited to a separate debt Ledger Head styled "Personal Estate of His Highness . For some reason or other however the entire amount to the credit of this estate was never remitted to the Government Treasury in each month and a portion was always reserved in the Palace Treasury. Consequently both these sums and sums received under deposits were credited to the head "deposits", detailed registers being maintainod in the Palace Treasury. Along with the monthly Cash Account statements of debits and credits both for ordinary deposits and for Personal Estate Deposit were sent by the Palace Controller, but they never specified from whom and for

some cases, nor ~~At the~~ did the paid lists specify to whom they were paid or how they were disposed of, nor could it be found out from those Paid Lists to what credit items the different payments related. No Account Particulars ~~are~~ or Clearance Registers, Quarterly certificates, or Monthly Plus and Minus Memoes were received from the Palace Controller , and no Brought sheets were maintained in this Office, as in the case of deposits in Government Treasuries

6. Departmental as also personal advances were made from time to time on the sanction of Guardian to His Highness and such sanctions were not communicated to this Office, nor were any accounts or vouchers sent to this Office for adjustment, the Palace Treasury being responsible for all such adjustments.

7. All these advances and recoveries thereof were not allowed to be charged or credited to a separate Ledger Head "Advances" in the Palace Accounts as in Government Treasury Accounts; the Cash balance in the Palace Treasury was therefore the sum total of the two following items and not of Cash alone as in Government Treasuries-

(A) Cash on hand.

(b) Outstandings under advances as per separate detailed registers maintained in the Palace Controller's Office.

8. Separate classified abstract were prepared in this Office from the monthly cash accounts received from the Palace Controller, and incorporated with the General Accounts From the closed Books of this Office two statements were prepared annually, one shewing the total charge under each minor head of the major head "Palace" and a another showing the receipts, payments, the opening and closing balances of the Personal Estate Account, and both were sent to Government, copies thereof being also simaltaneously sent to the Palace Controller.

9. This system of account was introduced by Mr.Hudson who had been specially deputed for service in Mysore by Government of India from British Account Department and continued without modification till the Rendition in 1881.

10. Subsequent to the Rendition the Palace Accounts became more of a personal and private chacter. The scale prescribed for establishmen and other charges was modified from time to time under the personal orders of His Highness the late Maharaja Sri Chamaraja Wodiar Bahadur, and such orders were never intimated for the guidance of this Office, as the Palace authorities considered that such intimations were unnecessary since the accounts were passed by His Highness. Consequently this Office except in cases of fixed payment such as pensions &c exercised merely a simple arithmetical check. The system of compiling the accounts and incorporating the same in Government Accounts remained however unaltered till 1887-88.

11. In 1888-89 the Palace Account was separated from the Provincial Accounts, and constituted into an independent one. A separate account was opened with the branch of the Madras Bank at Mysore in the name of the Dewan for the purpo of placing the Palace Funds at the command of His Highnes The balance to the credit of this account carried interest at 4% per annum; this account had no manner of connection with the Dewan s Government Account with the Bangalore Branch of the Madras Bank which forms part of State Huzur Treasury

12. The Pass Book of the Mysore Branch of Madras Bank is quite independent of the Pass Book of the Bangalore Branch. Every year 12 lacs out of the Civil List were placed in the Mysore Branch to the credit of this account, the remaining one or two lacs being retained by the State Comptroller for meeting Palace requirements in Bangalore and other Civil Treasuries in Mysore and also outside the Province. Out of 12 lacs placed in the Bank, the Palace C[illegible]r

Controller was authorised to draw sums required for current expenses only on monthly Letters of credit issued by the Civil Comptroller within the limit of sanctioned scale he being expected to solicit and obtained His Highness' Personal orders when it had to be deviated from or in all matters of doubt.

13. The Monthly Cash Accounts rendered by the Palace Controller to this Office continued to be prepared in the same form as was adopted in 1886, with an additional head "Remittances from the Bank to Palace" necessitated by the ~~new~~ arrangement with the Bank.

14. From 1888-89 the first year of separation of the Palace Accounts from the Provincial Accounts the Palace Transactions appeared in :-

1. The Palace Treasury.
2. The Nine Government Treasuries.
3. The Mysore Branch of the Madras Bank.
& 4. State Comptroller's Transfers or Book Adjustments.

Monthly Cash Accounts or Disbursers Accounts as they are technically called were received from one & two. The State Comptroller kept no Cash Accounts but only No.4 "Transfers" which was balanced even, i.e. both sides equal.

15. After the the State Comptroller's annual Provincial Accounts were closed, an annual compilation of the Palace Controller's Cash Accounts was made; also two lists one for Palace receipts and another for Palace payments appearing in the Civil Treasury Accounts were compiled whenever transactions in the latter Treasuries happened to be heavy or these receipts and payments, if not heavy, were directly taken from the State Comptroller's consolidated abstract of his Provincial Accounts.

16, The Bank Pass Book was also obtained and an account called Account Current, was first compiled. This Account opened only with the balance in the Palace Treasury, which

which balance as already stated included both cash and the balance of all advances made both in the Palace and Civil Treasuries and also in Madras Bank ~~at~~ Mysore if any was made therefrom. It did not open with the balances in the Civil Treasuries and in the Madras Bank at Mysore as both these opening and the closing balances had been ordered to be omitted from this Account.

17. All receipts under Revenue Heads ~~of~~ Deposits, Suspense, Remittances &c, and all payments under Service Heads and Deposits Suspense, Remittances &c appearing in all these Disburses Accounts were entered duly classified in the body of this Account with all the usual Account particulars and a closing balance struck. But all payments of Advances and Loans, and all recoveries of them appearing in any of these Treasuries, in State Comptroller's Transfers, and in the Madras Bank at Mysore were omitted from the body of the Account but were respectively added and substracted from the Balance under this head. These payments and recoveries were also noted by this Office in the detailed List of balances received from the Palace Controller for the last month of the year and were duly intimated to the Palace Controller whenever his list required such intimation which was usually conveyed by means of a covering letter forwarding ~~for~~ this Account Current for his information.

18. From this Account Current a consolidated annual Account was prepared, opening with the balance in Palace Treasury (Cash plus balances of advances and loans &c) given as the closing balance in the Account Current of the previous year, the balances in cash alone in Civil Treasuries as per State Comptroller's closed accounts and the balance in cash alone as per Madras Bank Pass Book and the balances in Government of India Pro-Notes and Mysore Debentures as per Trust Fund Account maintained in the State Comptroller's Office. The receipts under Revenue and Deposits Suspense, Remittances &c and expenditure under Service and Deposits, Suspense, Remittances &c were entered

entered duly classified from the Account Current above referred to and the account closed to the balance in Palace Treasury (cash balance plus advances&c) the cash balances in the Civil Treasuries and in the Madras Bank Mysore and to the balances of Government of India Pro-Notes and Mysore Debuntures.

19. From this consolidated account, an abstract opening with the balance or are surplus to the credit of the Maharajas Personal Estate, containing all Revenue Receipts and all Service Payments i.e. (income and expenditure proper) and closing with a balance was prepared and entered in a Note-Book in the Personal custody of the State Comptroller and also in the Note-Book with His Highness the Maharaja. The details of this closing balance were for the first time entered in the Maharaja s Note-Book by the Dewan Himself in 1886-87 for State Comptroller's guidance and continued to be entered thereafter similarly by this Office. These details were :-

1. Government of India Pro-Notes.
2. Mysore Debuntures.
3. Cash balance in Government Treasuries as per closed accounts of State Comptroller.
4. Cash on hand in Palace Treasury as per Palace Comptroller's Cash Account.
5. Net of all debt head ~~head~~ balances Advances, Loans, Deposits, Suspense &c entered for the sake of brevity as "Advances &c.

These details were considered sufficient by His Highness the Maharaja who specially wished that the condition of His Personal State Estate Account should not be made public by being passed through Office routine channels and was satisfied with the check personally exercised by the Dewan and the State Comptroller under his immediate supervision, and for the same reason in cases of importance or of a confidential nature most of the documents and records relating

relating to the transactions were retained in His Highness' own Personal Custody or that of the Dewan.

20. This Note-Book which was always in the Personal Custody of His Highness, used to be resubmitted to His Highness personally by the Dewan after getting the entries made therein by the State Comptroller. On the only occasion on which the Dewan asked this Note-Book to be sent through the Palace Controller for submission to His Highness it is ordered to be submitted to His Highness in sealed cover (vide original letter from State Comptroller bearing endorsementsof the Dewan and of His Highness the Maharaja). Neither the consolidated account nor this Note-Book was ever sent to the Palace Controller who was responsible only for accounting for the funds placed at his disposal and for due adjustments of all transactions under Deposits, Advances, Loans &c made in his own Treasury, and in the Civil Treasuries and Madras Bank and intimated to him by the State Comptroller through the covering letters with which the annual accounts current were forwarded to him.

21. The chief peculiarity of this system not followed in Government or other Public Accounts, is "Loans & Advances" were included and shewn as balance of the Palace Controller's Cash Account and of the State Comptroller's Account Current sent to him, and not as a separate Ledger balance. This procedure was initiated and followed by the late Mr.Hudson from 1868-1886 and followed by his successors to 1897-98 and the Loans and Advances made to Sringeri Mutt, late Mr. Abdul Rahiman, Mr.H.V.Nanjundayya, Col: Grant and a few others have all been dealt with in these accounts precisely in the same manner as the loan to Messrs.Akilandyya & Co

22. Having thus described the system of Palace Accounts which had been enforced by His Highness the late Maharaja, I close this Memorandum with a list of the accounts maintained under this system.

9 31

1. Palace Treasury Monthly Cash Account
2. Monthly Cash Accounts of the nine Civil Treasuries.
3. Comptroller's Transfers or Book adjustments.
4. Pass Book of Bank of Madras Mysore Branch

4 my

5. Annual Lists of Receipts and Payments in Civil Treasuries
6. Annual Accounts Current sent to Palace Controller.
8. Note-Book containing His Highness the Maharaja's Personal Estate Account.

12th July 1902.

E R Thompson
Comptr in Mysore

Appendix A

to memorandum

07-12-2-01-

Loan to Mission Athletic

3 of 6.

Appendix B.

Loan to Messrs. A & Co.,

Summary of facts and correspondence & documents.

In March 1889 the State Comptroller was authorised by the Dewan in an official Memorandum dated 28th March 1889 to pay to Messrs.Akilandyya & Co., the sum of two lacs out of the Personal Estate of H.H.the Maharaja and to obtain a proper receipt from the said Company (quoted by Mr.Scott but not seen by me).

2. Cheque No.A5320 dated 28th March 1889 for two lacs of Rupees was issued by the State Comptroller, who was also then Huzur Treasury Officer, on the Bangalore Branch of the Madras Bank "in favor of Bank of Madras Mysore in payment to Messrs.A & Co., Out of Civil List". The payment was made to the Firm at Mysore and a Pro-Note for 2 lacs dated 2nd April 1889 was taken from them in favor of His Highness the Maharaja. The loan was to carry interest at 6% per annum. (Vide counterfoil of cheque in the State Huzur Treasury & Mr.Scott's report).

3. In March 1891 H.H.the Maharaja was anxious to take steps for the recovery of the loan from the above Firm. The Firm's Pro-Note being in the name of H.H.the Maharaja, he endorsed the same over as payable to Mr.E.R.Subrayer Palace Controller, obtaining from him at the same time a Pro-Note for an equal amount as security for the due recovery of the loan. This Pro-Note of mine is now in the file of confidential papers & documents with the Dewan.

4. On receipt of the Firm's Pro-Note thus endorsed over, I sent it to the Dewan of Mysore under cover of a formal, official communication the receipt of which was as formally acknowledged by the Dewan stating that he would proceed to take steps for recovery of the loan and interest (vide confidential papers and documents with the Dewan).

5. This Pro-Note was sent under a sealed cover by the Dewan to the State Huzur Treasury in April 1891 for safe custody, was received at that Treasury on 22nd April and registered and placed therein (vide entry No.12/78 dated 22nd April 1891 in the Safe Custody Register of the State Comptroller).

6. In September 1891 I received an official memorandum from the Dewan intimating that Rs.2,30,000 had been paid to my credit at the Bank of Bombay and requesting me that, on realisation, an account shewing the entire transaction might be forwarded together with a discharge for the entire debt (vide confidential papers and documents with the Dewan)

7. The deposit receipt from the Bank of Bombay in my favor for the amount of Rs.2,30,000 was received by me from Mr.K.S.Dorasawmi Iyer, partner in the Firm of Messrs.Akilandyya & Co., under cover of a memo dated 19th October 91 the receipt of which was duly acknowledged by me. Under personal orders from His Highness the Maharaja and after some direct correspondence with the Bank of Bombay, both by wire and letter, I sent this deposit receipt to the Mysore Branch of the Madras Bank for realisation and purchase therewith Government of India Paper in the name of H.H.the Maharaja (vide confidential papers and documents with the Dewan)

8. After obtaining the necessary authority from the State Comptroller, the Madras Bank purchased the required paper for Rs.2,30,000 in addition to paper for four lacs ordered by the State Comptroller. All the paper was as usual purchased in the name of the Dewan for the time being, on account of the Maharaja's Personal Estate, and the necessary account particulars were sent by the Head Office of the Bank at Madras to the State Comptroller

(vide State Comptroller's Office correspondence copies of which were sent to Dewan in July last).

9. The safe custody receipts for these Securities with the original and converted numbers are now in safe custody in the State Huzur Treasury. The particulars of these securities are entered in the Maharaja s Note-Book containing His Personal Estate Account and also in the Trust Fund Book maintained in the State Comptroller's Office.

10. The Firm's Pro-Note was returned by the State Comptroller to the Dewan at the end of October 91 as requested. The receipt of the latter Officer is attached against the particular entry in the Safe Custody Registers of the State Comptroller's Office.(vide register entry No.12/78 dated 28th November 1893 on receipt of demand dated 28th November 93)

11. On a slip of paper I calculated and entered the amount of interest for 2½ years up to 2nd October 91 and after showing it to H.H.the aharaja and Dewan and obtaining from the latter the Firm's Pro-Note I returned it to him with a discharge duly recorded thereon. (this slip is in the file of confidential papers and documents with the Dewan)

12. The annual Palace Account Current for 91-92 the year of repayment of this loan, was taken up for compilation only in June 93 by late Mr.Barrow and Mr.Eagles as these Officers had been [illegible] doing duty in 91-92 as Assistant Comptroller and Comptroller respectively and responsible for such compilation (vide attestations in the accounts and in the draft of Covering letter to Palace Controller.) Neither of them having had much knowledge of the confidenti al correspondence and documents above referred to, Mr. Eagles as a matter of rutine, passed a draft to the Palace Controller and asked him for particulars of the credit of Rs.2,29,998-1-0 appearing in the Pass Book of the Mysore

Mysore Branch of the Madras Bank (vide Office copy No.620 dated 2nd June 93 passed by Mr.Eagles for Comptroller). Mr Sitharama Rao having joined the Palace only recently and not being aware of either the contents or the existence of these confidential correspondence and documents, which were all in the safe custody of His Highness the Maharaja, naturally wrote back to say that his Office records did not give the information asked for (vide his No.21 dated 12th August 93 sent to the Dewan in July last)

13. On receipt of this reply, either of these two Officers must have sought and obtained my instructions as the Palace Controller of the period who held the Bombay Bank Deposit Receipt, and on whose requisition the paper for Rs.2,30,000 was purchased. (vide Mysore Agents letter No.8/218 dated 21st October 1891 the original of which is with the Dewan) and thereupon compiled the accounts with the necessary particulars.

12th July 1902.

Comptroller in Mysore

APPENDIX C.

ENTRIES IN ACCOUNTS

FOR PAYMENT OF LOAN.	AUTHORITY.
1. HUZUR Treasury Head Accountant's Cash Book (The exact terms of the entry I am unable to enter as the Book is with the Dewan)	1. Dewan's official memorandum dated 25th March 1889. 2. Counterfoil of Cheque No.A5320 dated 28th March 1889 "In favor of Bank of Madras Mysore in payment to Messrs.A & Co., out of Civil List" issued by the State Comptroller who was also then Huzur Treasury Officer. 3. Pass Book of the Madras Bank Bangalore Branch- Entry dated 30th March 1889 "To Cheque No.A5320 dated 28th March 89 favouring Bank of Madras Mysore".
2. Huzur Treasury Cash Account for April 1889. The payment of loan is included in Rs.2,29,088-1-4 debited under Palace Remittances.	Huzur Treasury Head Accountants Cash Book.
3. Annual List of Palace Payments in Civil Treasuries for 1889-90. 1st Entry Huzur Treasury. April 89 "Payment made to Mr.Akilandyya Rs.2,00,000.	Huzur Treasury Head Accountants Cash Book. Huzur Treasury Cash Account for April 1889.
4. Palace Account Current for 1889-90. Adjustment, Debit in reduction of Cash balance in Government Treasuries and addition to Balance of Advances forming part of Palace Treasury Balance.	Palace Annual List of Payments in Civil Treasuries.

FOR REPAYMENT.

I. Pass Book of the Mysore Branch of the Bank of Madras.

(1) Credit entry dated 2nd November 1891- "Deposit Receipt on Bank of Bombay realised Rs.2,29,998-1-0".

(1) Endorsement of Mr.E.R.Subrayer Palace Controller on the Bombay Bank Deposit Receipt which was in his favor.

(2) His letters to the Agent Mysore Branch of the Bank of Madras and to the Secretary of the Bank of Bombay.

(3) Dewan's official Memorandum intimating to Mr.E.R.Subrayer that Rs.2,30,000 had been paid to his credit at Bank of Bombay.

(4) Memo from Mr.K.S.Dorasawmi Iyer partner in the Firm of Messrs.Akilandyya & Co., forwarding to Mr. E.R.Subrayer Bombay Bank's Deposit Receipts for Rs.2,30,000.

(5) Mr.E.R.Subrayer's official communications to the Dewan forwarding the Firm's Pro-Note duly endorsed over to him by H.H.the Maharaja and requesting him to take steps for the recovery of the loan.

(6) Mr.E.R.Subrayer's Pro-Note to H.H.the Maharaja executed by him as consideration for the Firm's Pro-Note endorsed over to him.

) Debit entry dated 2nd
er 1891- "Cost of Pro-Notes
for Rs.2,30,000 @ 6$\frac{1}{8}$ and 6$\frac{3}{16}$ 247119-5-5

Mr.E.R.Subrayer's letter to the Agent Mysore Branch of the Bank of Madras requesting him to purchase Government of India papers in the

II. ACCOUNT CURRENT FOR 91-92 PREPARE BY LATE Mr. BARROW AND PASSED AND ATTESTED BY Mr. EAGLES ON 29th NOVEMBER 93 AND SENT TO THE PALACE CONTROLLER ON 13th DECEMBER 93.

Credit.

(1) "Received from Mr.Akkiladaya being interest on the loan of 2 lacs made to him" Rs.29,998-1-0

(2) Adjustment, credit by addition to Cash balance and thence to balance of Government papers in reduction of the balance of advances and loans -------- Rs.2,00,000

Rs.2,29,998-1-0

(3) Debit

Service Head

"Cost of purchase of Government Pro-Notes for Rs.630000"-46292-7-6

Debt Head

Government of India Securities purchased 6300000-0-0

Total 676292-7-6

in the name of H.H.the Maharaja for 2,30,000/-

1 to 6 Noted above, and

7 correspondence between State Comptroller and Madras Bank.

8. Pass Book of the Mysore Branch of the Bank of Madras.

9. Slip of paper containing calculation of interest.

10. Office instructions of Mr. E.R.Subrayer the State Comptroller of November 93 the month in which the account was compiled and closed by late Mr.Barrow and passed by Mr:Eagles.

(1) State Huzur Treasury cash account for October 1891. Debit Palace Remittances as per Comptroller's No.1145 dated 2nd October 1891 Rs.2,14,139-15-0

(2) Pass Book of the Mysore Branch of the Bank of Madras.

Debit

3rd October 1891

"Telegram to Madras re purchase of Government papers"

Telegram to Head
Office -- --------- 1- 0-0
21st October 91.
Cost of Pro-Notes
for two lacs at
Rs. 5 3/16 & Rs.6
premium 2,15,031-10-3
2nd November 91.
--do-- for
2,30,000 at 6⅛ & 6 2,47,119-5-5
6,76,292-7-6

Letters from the Palce Controller Mr.E.R.Subrayer and from the State Comptroller to Mysore Agent of Madras Bank and to the head Office and the replies received thereto.

II Consolidated account for 91-92

Credit.

"Interest on loan
of 2 lacs made
to Mr.Akilandyya" 29,998-1-0
Adjustment by re-
duction of balance
of advances and
addition to Cash
and thence to
Government paper
included in the
balance of 999000 --2,00,000

Account Current for the year 91-92.

IV.
MAHARAJA'S NOTE BOOK
ENTRY FOR 1891-92.
Credit in the account
portion portion of
the Book.
"Interest on loan
of 2 lacs made to
Mr.Akilandyyar 29,998-1-0

5 40

Credit on the page containing particulars of investments.

Particulars of additional Government securities for Rs.630000 purchased during the year.

Account Current and consolidated account for 1891-92.

12th July 1902 Comptr. in Mysore

Londres, le
Alexandrovsk
4/0

Appendice C

Déclaration
0/12 2-02.

Gen Dept 488/1901-02 Sec. H 1166 41

OFFICE OF THE 11445 R 2 DEPARTMENT

189 18

Submitted

The Comptrs requisition for the return of Mee accounts, registers & ca was submitted to the Dewan on 8.1.02.

88

7/3/02 The Asstt Secy will please comply with this requisition with the Dewan's permission

7/3/1902

7/3/02

3715-

From

The Comptroller, Mysore Govt.

To

The Secretary to the Govt. of Mysore,

Rev. & Agl Dept.

Dated

Despatched 4 March

Received

No. 5616

No.

SUBJECT MATTER.

Reg. me to be unable to furnish the required explanation in the various points raised in Mr. Scott's Report

Rec'd 7/3/02

Give Mr Veerana for obtaining the orders of the Secy

6/3/02

Rec'd 7/3/02

DEPARTMENT.

OFFICE OF THE COMPTROLLER, MYSORE GOVT.

Bangalore, 4th March 1902.

From

E R. SUBRAYER, Esq., B.A.B.C.E.

Comptroller, Mysore Govt.

To H.V.Nanjundayya, Esq., M.A.M.L.
The Secretary to the Govt. of Mysore,
General & Revenue *Depts.*

Sir,

I have the honor to acknowledge the receipt of your docket No.1158 dated 17th February 1902 and to solicit your attention to my letters Nos.4380 & 4708 dated 4th & 23rd January 1902.

2. In the absence of the original accounts and papers sent to the Dewan in July last, I regret I am unable to furnish the required explanations on the various points raised in Mr.Scott's report.

3. I beg therefore that these documents may be caused to be returned to me at an early date.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

Gen. Fin 488/1901-02
Serial 6
Financial

43
19

Encl.

Please add 75 £ for the enclosures.

To.

The Comptr
Mysore Govt

Dated 8/5/02
No 71 1715 2 files as per lists

Correspondence ending with Comptrs letter No 5616 of 4th March 1902 requesting the returns of the original accounts & papers sent by him in July last, to enable him to furnish the required explanations on the various points raised in Mr. Scott's report on the audit of Palace Accounts.

Has the honour to return herewith for reference and ~~retention~~ the files of papers and accounts (as per accompanying lists) sent by him with his D.O.

(No Copies of the lists of papers (2))

Note

⊗ Copies to be kept in office for reference.

attd
with
71 1715

letters dated 18th July
and 10th August 1901

2. It is requested that
the report called for
in Govt. Orn No 7L706-8
of 20th Novr 1901. may
be expedited

By Order

H...

Secretary

IX

List of papers

1. Comptroller's D.O. to the Dewan dated 18-7-01, Enclosing.

(1) Statement dated 5th October 1891 of the Government of India securities bought on account of the Dewan of Mysore –

(2) — do — 6th October 1891 — do —

(3) — do — 17th — do — do —

(4) — do — do — do —

(5) Letter No $\frac{8}{218}$ dated Mysore 21 October 1891 from the Madras Bank Sub Agent to Mr A Rangasawmiengar Deputy Commissioner, Mysore.

(6) Deputy Secretary and Treasurer, Bank of Madras. No 918 dated Madras 5-11-91 to the Comptroller of Mysore.

(7) Copy of Civil Comptrollers No 3307 dated 10-11-91 to the Palace Controller

(8) — do — No $\frac{283}{H \& Co}$ Government Securities in Madras Bank on 2-11-91.

(Copied on the back of No 7)

(9) Copy of Palace Controller's No 52 dated 19-11-91 to the Civil Comptroller

(10) Docket No. 6206 dated 2nd June 1893 to the Palace Controller from the Civil Comptroller.

(11) Docket No. 21 dated 12th August 93. from the Palace Controller to the Civil Controller.

(12) Copy of the Extract from Civil Comptroller's No. 3110 dated 30th October 1891 to the Palace Controller

List prepared on 12-7-01 by the Civil Comptroller of,

(a) Government of India securities belonging to H. H. the Maharajas Personal Estate account (No. I)

(b) —do— for Rs 2,30,000 (No II) 3

(c) — do — Personal Estate account (" III) 4

(d) — do — do — (" IV) 5

List prepared on 2-7-01 by the Comptroller of Government of India

Securities belonging to the Personal Estate of H. H. held in deposit in the name of the Dewan by the Bank of Madras, Madras. 6

Official Memorandum dated 28-3-89 by Sir K Sheshadri Iyer, K. C. S. I., Dewan of Mysore. 7

Enclosures

Mr. G. M Martins D. O. dated Mysor 28th March 1889 to the Dewan 8

Copy of letter dated Mysore 27th March 1889 from Mr Akilandaiya to H. H. the Maha Raja. 9

List of papers.

Serial No.	Letter No.	Date	From	To
1.	D.O.	10-8-1901	Comptroller	Dewan
	Enclosures			
2.	922	3-11-91	Secretary and Treasurer, Bank of Madras	Comptroller
	Enc: memo showing particulars of cost of paper			
3.	3752	30-11-91	Comptroller	Secretary and Treasurer, Bank of Madras.
4.	1209	1-12-91	Secretary and Treasurer, Bank of Madras	Comptroller
5.	1263	7-12-91	— do —	— do —
	Enc: Copy of Dewans (Sir K. Sheshadri Iyers) letter to the Agent Bank of Madras, Mysore.			
6.	4079	14-12-91	Comptroller	Secretary and Treasurer, Bank of Madras.
7.	1914	15-12-91	Secretary and Treasurer, Bank of Madras	Comptroller

Ed

8. Memo 10-8-01 Comptroller

Enc: (1) Statement No. A I

(2) Statement No. A II

9. Balance Statement of advances out-standing against the Diwans Office on the 30th June 1898.

Gen-Jun 48 of 1901-02 1521
Serial 1

50

DEPARTMENT

189

From

The Comptroller, Mysore Govt.

To

The Secretary to the Govt. of Mysore,

Rev: & Agl Dept.

Dated

Despatched 22 May

Received

No. 7108

No.

SUBJECT MATTER.

Regrets that the certain books & papers may be kindly ordered to be sent to

5894

Subd. to Secretary.

Papers Sl. Nos. (5), (6) & (7) are herewith sent. The other papers and books are being traced.

Letter No. 3504 dated 23 May 02 received subsequently from the Examiner, P.W.D. is also returned for the needful being done

14/7/02

File for needful

15/7/02

File pulup.

The papers are not in office - file put up - forwarded to the Dewan

Attested with the Dewan for Comptroller 29/5/02

_____ DEPARTMENT.

OFFICE OF THE COMPTROLLER, MYSORE GOVT.

Bangalore, 21st May 1902. 189

From

E. R. SUBRAYER, Esq., B.A.B.C.E.

Comptroller, Mysore Govt.

To H.V.Nanjundayya, Esq., M.A.M.L.
Secretary to the Govt. of Mysore,
General and Revenue *Deps*

Sir,

In acknowledging the receipt of your No.FL1715 dated 8th May 1901 (received in this Office on the 19th idem) forwarding certain papers connected with Palace Accounts, I have the honor to request that the marginally noted books and papers which have not accompanied the above may be kindly ordered to be sent as early as possible as without reference to these original and compiled accounts, I regret my inability to furnish explanations on the various points noticed in Mr.Scott's report and in the Government orders thereon.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

Madras Bank (Mysore Branch) Pass Book.

2. Letter No.2284 dated 24th August 1891 from Comptroller to Palace Controller.

3. Statement shewing the amounts paid by the Mysore Treasuries on account of Palace during the year 1889-1890.

4. Unadjusted outstanding statement for March 1890

--------do-------- 1891

--------de--------- June 1892

5. General abstract for April 1889 sent with D.O.dated 9th July 1901 ✓

6. Huzur Treasury accounts Cash Book for 1891-92 ✓

7. ---do--- Monthly account for ---do--- ✓

8. Statement of Civil Treasury payments on account of Palace for 1891-92

Nos 1 to 4 - Personally handed over to the Dewan on 29th June 1901.

No 5. Sent with D O dated 9th July 1901

Nos 6 to 8. Sent with this office D O dated 2nd July 1901

Gen. Fron 480/1901-02 53

Serial No. FC/1691

G.I. No. 1905

24

From The Examiner,
P. W. Accounts
Mysore.

To
THE SECY. TO THE GOVT. OF MYSORE,
GEN. & REV. DEPTS.

Dated 23. 6. 02

Despatched

Received

General No. 3504 1/2
No.

Enclosure No. one ✓

Forwarding for information Copy of a letter from the Examiner P. W. Accounts of Mysore to be addressed to the Comptr of Mysore giving replies to certain questions asked by the latter.

Forwarded to the Asst Secy with the Dewan
28/6/02
30/6/02

References to be marked.

File on the subject was put up for Sl No 7 of 15/21 22/5/02 from Comptr and sub to the Dewan on 29/5/02. Sl No 8 of 28/6/02 26/6. Necessary letter be sent to the Asst Secy with the Dewan 28/6/02

MGCPB—5,000—24-7-01.

57

21

PW— 114]

No. 3504

MYSORE PUBLIC WORKS DEPARTMENT.

CENTRAL OFFICE OF ACCOUNTS.

BANGALORE, 23rd June 1902.

From

W. H. Scott Esqr:,

~~The~~ Examiner,

P. W. Accounts of Mysore.

Regr & Submt to the Dewan
Ad 27/6/02

Regd &
28/6/02

C. R. Subroyer Esqr:,
Comptroller of Mysore.

Sir,

In reply to your letter No 7492 of 9/10th instant, I have the honor to reply below to the questions asked by you

Para 4 (1). The Treasury Account Current Showed as credit to the Palace on account of Interest of ~~Rs~~ 13,975/. while the list of payments accounted for a debit of ~~Rs~~ 12,975/. only. What remains to be explained is where the additional balancing debit of ~~Rs~~ 1,000/. was laid. There is no need to Specify a particular account in which the principal involved (viz that of a credit requiring a balancing debit) is operated its application is not restricted to particular documents.

2 (a) The procedure under which Deposit money is not used for current purposes is not essentially a matter of Account at all but of Control as you may be aware having been in touch with it in the P. W. Department. The question raised moreover does not relate to the accounts of "any treasury or the Palaces treasury in particular" but to those of a disbursers viz the Palaces Controller who works again

an annually Sanctioned budget. These moneys Should I believe be remitted to the Mysore Treasury on an analogy with the procedure under which all receipts on account of the Personal Establishment are So remitted as required by Mr. Biddulphs Palaces Manual

(b). I presume the question in the latter portion of the above paragraph has reference to the detailed balances worked out in para 34 of my report It will be noticed that I have not dealt with the note book account itself but have merely detailed the balances Shewn which cannot be independent of the account itself. The question accordingly is whether the account which you call a balance Sheet included Deposit transactions? It did not, So far as I am aware and I can Scarcely be expected to explain the omission.

Para 3 I have not the memory to enable me to reply to the first part of this paragraph which is Somewhat vague in addition. However I went through these transactions with Mr Tyabjy Lohetty who perhaps can let you have the information wanted. It is now 9 months Since I dealt with the accounts.

I think I can Scarcely enter upon the Specification you proceed to enquire. If misuses or fraud must have its initiation directly or indirectly in the reception in the accounts of an excess charge. Once this has happened, apart from particular circumstances, it is an equal probability that the corresponding credit will go to cash or to any other head.

Para 4 :- All the Government Promissory Notes to the value of Rs 230,000/. have been transferred to the Palaces. The amounts of Rs 200,000/. in para may both be read as Rs 2.30,000/ if there is difficulty in inferring a association of the interest of Rs 30,000/. with the Principal.

The outStanding as you are aware was included in the balances like it remained due. It was omitted in the account current 1891-92 prepared in your offices and Sent after the close of the ar to the Palace Controller.

I can Scarcely describe a document, which if it exists at "I Should be in your offices and produceable. I am given to understand that the credit of Rs 2.30,000/- was based upon the

Madras

Madras Bank Pass Book I suppose it was and para 6 of my report is based upon this supposition. Your letter however of the 3rd June 1893 throws doubt upon this - a doubt which has been represented

Para 5 By the Palace Controllers Accounts I mean the representation of those transactions relating to the Palaces which have passed through the Palaces Treasury Accounts and by the "Circuit Comptrollers accounts those which have passed through the Circuit Treasuries including the compilation of the consolidated account Current issued at the end of the year from your office. I am not sure that I have been consistent to this throughout the report and shall be glad to explain any vagueness which may present itself in particular connections. I would request however that any further questions may kindly be stated in a manner more directly bearing upon the matter of my report, and not in connection with what may appear to you to be account or Audit postulates.

I have &c.

(Sd) W. H. Scott.

Examiner, P. W. Accounts
Mysore.

No: 3504/2 E/1 of 23. 6. 1902.

Copy of the above with Comptroller's letter under reply are forwarded to the Pt Engr for information

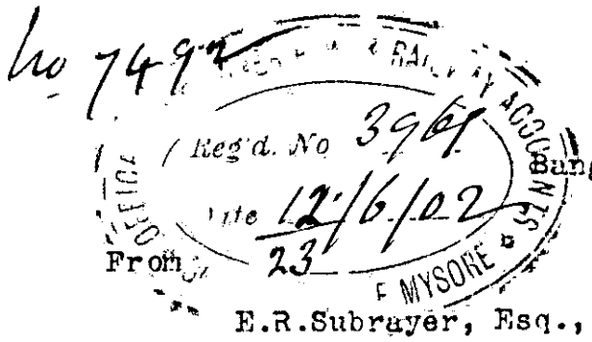
Sd
Engr

23-6-02

R.C.
23/6

57

No 749



Office of the Comptroller,
Mysore Government,
Bangalore, Dated 9th June 1902.

From

E.R.Subrayer, Esq., B.A.B.C.E.
Comptroller of Mysore.

To

W.H.Scott, Esq.,
Examiner, P.W.Accounts in Mysore.

Sir,

My attention has been drawn by Government to the various matters of criticism noted in the 2nd of your four reports on Palace Accounts, and I have been called upon to submit explanations on various specified items of Accounts and procedure.

2. I have applied for the return of the several initial and compiled accounts and other papers which I sent to the Dewan in July last, which I have not yet received.

3. In the meantime as I do not fully comprehend either the meaning or the significance of a few general observations made by you, and as I cannot also make out at once to what <u>particular accounts</u> reference has been made in the several paragraphs of this report I beg that you will be so good as to enlighten me on the following points in view to enable me to refer to them at once and find the required explanations readily and to the point.

4. Para 8.

(1) "How the Comptroller balanced the <u>accounts</u> of the month remains to be explained".

Kindly say what accounts you refer to.

(2) Paras 37, 38 & 46. I beg to be informed under what system of accounts or rules moneys received in any Treasuries and in Palace Treasury in particular, as deposits, should be

be kept apart and not used for the current requirements of such Treasuries, and only the difference between the actually counted and verified Cash balance and the balance of deposits should be exhibited in a Balance Sheet.

(3) Para 75.

In what accounts the double debits referred to in the last part of this para ~~have~~ were first made and in what other accounts they were "entertained".

Kindly state also by an example how any misuse of Government money couldhave been made and by whom.

(4) Para 5. 3rd Report.

In para 2 of this report it is stated that 2 lacs towards principal & Rs.30,000 on accout of Interest was paid. In para 3 it is stated that Government paper for 2,30,000 was purchased.

I beg to be informed if all the Government Pro Notes thus purchased have been transferred to Palace or only paper for 2 lacs of rupees.

An amount of 2 lacs is stated to have been credited in the "Palace Accounts"- Please state what Palace Accounts and whose and what was done with the Rs.30,000 said to have been paid on account of interest. In the last part of this para it is stated that "there must accordingly have been some other document &c."

Kindly let me know what may be the nature and description of this "document" on the authority of which credit must have been given in the "Civil Comptroller's Accounts" and which it can only be inferred from "the accounts as they stand" "did not represent a separate additional receipt of Rs.2,00000" and what the Civil Comptroller's accounts are and whether they are different from the "Palace Accounts" referred to at the beginning of the para and from "the account as they stand".

5. All the various accounts cash and compiled, placed before you "have, I ~~know~~ believe each a name of its own entered either as

as a heading or on the cover and it will be of very great help to me if reference to these accounts can now be made by their proper names and also what accounts are meant by Civil Comptroller's accounts and what by Palace Controller's Accounts.

6. As the matter is urgent I beg that you will be kind enough to send me an early reply.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

Letter No. 282 d/16/7/02

Ga. Fr 48 of 1901-02 Serial 9

60

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PW— 114]

Fl 96

No. 281

MYSORE PUBLIC WORKS DEPARTMENT.

CENTRAL OFFICE OF ACCOUNTS.

BANGALORE, 16th July 1902.

From

W. H. Scott Esqr.,

The Examiner,

P. W. Accounts of Mysore.

To

L. R. Subroyen Esqr.,

Comptroller of Mysore.

Sir,

In reply to your letter No. 258 of 14th instant, I have the honor to state that I am glad you do not hesitate to refer to me on any point which you think needs elucidation or on which you would like me to add further remarks.

1. I know your Account Current for 1891-92 issued very late indeed. I do not find in my notes any record of the exact date but I judge from your letter that omitting actual comparison I entered upon the cross supposition that it could not have been delayed to so late a date as 3rd June 1893. If this was the case I very much regret my omission as it alters the aspect of the question to this that the entry of the credit of Rs 2,30,000/- in the Accounts does not directly refer to the Madras Bank Pass cross Book, its identification with the sum returned by Messrs: Ekkilandya and Co. still rests upon the grounds (a), (b) and (c) which I have cross mentioned there does not exist the bias to the supposition of "a Separate additional receipt of a like amount provoked by the issue of the letter in the sequence I had supposed

2. The credit you refer to was noticed by me it was an entry which was necessarily made as it was if the transaction was not to be omitted from the Accounts altogether (Vide paras 5(c) of the Report

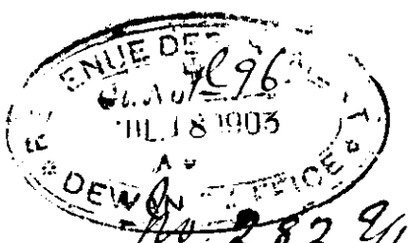
6

3. You will notice that my report distinctly states that the loan made to Messrs: Athilandys and Co has been returned and the money utilized in purchasing Securities which are now held on behalf of the Personal Estate All this is quite certain. Any element of doubt or inference drawn from the Accounts connects itself with (may lie) a Separate additional receipt."
I add this as your last question and others in your previous reference make me uncertain as to whether you have not mis-apprehended my Statements.

I have &c.

(ss) W. H. Scott.

Examiner, Audited Accounts
of Imposts.



No 2829/1 of 16. 7. 1902.

Copy of the above together with Comptroller's letter No 258 of 14th instant in original is forwarded to the Secretary General and Revenue Department for information in continuation of this offices No 3504/2 of 23rd ultimo.

Ref
No 1691/02

Examiner, Audited Accounts
of Imposts.

~~The reference [illegible] to [illegible] to the [illegible].~~

R.L.
16/7

Rec 16/7

Filed with Secy
Revenue
19/7
R.L.
19.7

Very urgent

Encl. to 569

21

No. 258

OFFICE OF THE COMPTROLLER OF MYSORE,

Bangalore, 14th July 1902

From

E. R. SUBRAYER, Esq.,

Comptroller of Mysore.

To

W. H. Scott Esqre

Examiner

P.W. Accounts Mysore

Sir,

In thanking you for the courtesy in favouring me with your replies in your No 3504 dated 23rd June 1902 to several queries made by me on the audit of the Palace account, I regret I have to trouble you again for further information on the following points which I beg you will kindly furnish me at your earliest convenience.

(1) In the last para but one your letter under reference it is mentioned that the credit of Rs 2.30.000 was [illegible] the Madras Bank Pass Book, that you suppose it was, that para 6 of your report was based upon this supposition, and that however my letter of 3rd June 1893 threw doubt upon this — a doubt which has been represented, I beg to be informed whether the Account Current

Current for 1891-92 was compiled by this office and sent to the Palace Controller before or after 3rd June 1893 as understood by you, and (2) whether you noticed the following item credited in a distinct entry in the account Current for 1891-92 prepared by this office.

"Received from Mr. Akilandya being interest on the loan of Rs 2/lacs made to him Rs 29.998-1-0."

I have the honor to remain
Sir
Your most obedient
Servant
E Thompson
Comptroller

Gen Fin 689/1901-02

Serial 10

28

DEPARTMENT

24

189

Subd proceedings.

HN 23/7/02

Put up a note in a tabular form noting the points noted & the Comptr's answers thereto

23/7/02

From

THE COMPTROLLER,
MYSORE GOVT.

To

THE SECY. TO GOVT. OF MYSORE,
Rev. Dept

Dated 14th July

Despatched

Received

No. 301

No.

26/8/02

SUBJECT MATTER.

Submitting explanatory memo on several points noted by the Audit of Palace accounts from 1899-90 & 1891-2 referred to in Govt Proc. No 706-8 dt 20th December 1901

14

Rec'd with receipt
Issued 14/8/02

10301 Fin fin _____DEPARTMENT.

OFFICE OF THE

COMPTROLLER, GOVT. OF MYSORE,

BANGALORE, 14th July 1902 1899

17

From

E. R. SUBRAYER, Esq., B.A.B.C.E.

COMPTROLLER, GOVT. OF MYSORE.

To L.Ananthasami Rao, Esq.,B.A.
THE SECRETARY TO THE GOVT. OF MYSORE,

General & Revenue DEPTS.

SIR,

In reply to Government Pro.No.7068 dated 20th November 1901 and subsequent remainder No.1158 dated 17th February 1902 calling upon me to explain the various points of criticism and items of Account noticed in Mr.Scotts 2nd & 3rd Reports on Palace accounts, I have the honor to report that in my letter 4380 dated 4th January 1902, I have reported what steps I took in regard to the item of advance standing against retired Durbar Bukshy Mr.Narasimha Iyengar and in the same letter and subsequent remainders Nos.4708 & 5616 dated 23rd January & 14th March 1902 I asked for the favor of return of the accounts , returns and papers which I submitted to the Dewan from time to time in the month of July 1901.

2. A portion of correspondence relating to these reports was alone received on 19th May 1902, immediately on receipt of which I have in my letter No.7108 dated 21st idem asked for the return of the various accounts, Pass Book &c without which I have stated that it was not possible to furnish complete and satisfactory explanation on all points.

3. These accounts &c have not yet been returned to me. I have therefore ventured to submit the accompanying explanatory Memo prepared with the materials at present available and to the

the best of my recollection for fear that any more delay on my part might be misunderstood by Government.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

Ex. to SC 10

I 67

MEMO ON PALACE ACCOUNTS.

in reference to the following papers-

(1) Government order No.471-3/Fl:145 dated 15th July 1901, directing an audit of the Palace Accounts for three years by Mr.Scott. (1889-90 to 1891-2)

(2) Mr.Scott's reports 1 to 4 on the result of the audit of those accounts.

(3) Government order No.Fl:706-8 dated 20th November 1901 passing orders on the above reports.

/. Before I take up for explanation the several items of account and procedure in regard to which such explanation has been called for, I feel, I owe it, to my predecessors in Office, to my self and to the Office establishment that I should place on record a brief statement of what transpired in connection with these accounts since December 1900 and how far the various general observations made in the references above quoted are justified by facts and by a due appreciation of the system generally followed in regard to all accounts and of the system adopted for these accounts in particular.

I append two statements shewing the dates on which requisitions on this Office were made, a description of each requisition, the dates on which they were complied with, and those that remains undisposed with reasons for delay.

From the first statement it will be found that calls were made with direction to attend to them per bearer, to record replies on the original references themselves and to return the same. Some requisitions had been made long after Office hours, so late as 7 P.M. with directions to attend to them immediately- It was only the last requisition that was complied with after 5 Months. The reason is explained in my Memo dated 23 July 1901 copy of which is herewith sent.

I never reported that the delay in this ~~case~~ case was due to a confused state of my Office records as is made to appear in the first para of Govt: Order No.471-3/Fl:45 of 15th July 1901.

The second statement gives similar information in regard to the requisitions made by the present Dewan. It was only in the case of No. 3 in the statement I begged for some more time in the following words "Considering the state of my Office records".

Under the power vested in me by article 1703 of the Civil Account Code Vol:II, all routine letters and dockets have been by my order dated 3 March 00 destroyed- Vide extract of the Office order appended hereto. The letter referred to in para 3 of the first Govt: order was one of those so destroyed vide entry in the Register. It was therefore necessary to obtain it from the Palace Controller.

The Government were made aware that my Office old records were infected by Plague and that they had to be disinfected by Plague authorities on more than one occasion within two years, Vide my letter to Govt: and my D.O.letter dated 9 July 01 to the present Dewan of Mysore. I am therefore unable to understand the surprise expressed in para 1 for a somewhat disordered condition of the old records that must have been necessarily brought about by causes over which neither myself nor the Office establishment could have had any control.

So much about old records of the Office. To take the observations made on the accounts of the Office. These are characterized as unsatisfactory, immethodical and unbusinesslike for the reason that one set of accounts is maintained by the Palace Controller, another by the State Huzur Treasury and another by the Madras Bank and that the transactions in any one of them do not find place in either of the two others; yet it is stated lower down in the same para in connection with the loan to Messrs.A & Co., taken for

for example that the Huzur Treasury is merely a "transcript of the Madras Bank Pass Book".

As fully explained in the Appendix to my D.O.letter dated 12 July 02 the accounts of the Palace Controller, of the Mysore Branch of the Madras Bank and of the State Huzur and other Government Treasuries must be from their very nature independent of each other, they being cash accounts or Disbursers Accounts as they are technically called, and the plain distinction between these accounts and the compiled and the consolidated accounts of the State Comptroller appear to have been overlooked both by the Government and by the Special Auditor Mr.Scott.

Mr.Biddulph's disapproval of the system was not, I beg to submit for the above reasons, but mainly based upon the want of monthly consolidation of accounts and the indefiniteness of the duties and responsibilities of the Palace Controller and the State Comptroller and of their relationship to each other in regard to the accounts of the Palace. This question of responsibility is yet undecided.

From para 169(2) of Mr.Biddulph's report on the Palace Accounts and para 4 of Mr.Scott's 4th report it will be found that under the old system of account keeping according to which these accounts were maintained from the commencement the loans and advances were treated as one of the items of Cash Balance i.e. in the same way as Currency Notes, whole rupees, half rupees &c., are in regard to the Cash balances of Govt: Treasuries.

What original vouchers and papers shewing the transformation of the loan into Cash or Govt: paper, there ought to have been, and of which of them were called for and not produced has not been stated, either in Mr.Scott's report or in Govt: orders quoted above- From the 2nd statement it will be found that every record called for by the Dewan was duly supplied to him. The loans made to Sringere Mutt, to Mr.Abdul Rahiman &c have been dealt with in the accounts in the same manner as this particular loan, and whatever vouchers, papers & accounts entries there exist in regard to these loans, can

can be allowed had in regard to this loan also.

Whether these general observations of Govt: with which Mr.Scott was deputed to audit the Palace Accounts were verified by him before he took up the audit or simply accepted by him, I am unable to state. But from paras 14 22 26 27 64 & 65 34 & 43 and para 5 of his 3rd report of his 2nd report I am led to believe that he has also not fully appreciated the relationship and the simple distinction between the Cash or Disbursers accounts, and compiled or consolidated accounts.

I now beg to offer my remarks in regard to the various points of criticism in Mr.Scott's 2nd & 3rd reports and to the observations of Govt: made thereon.

SECOND REPORT.

Para 3. The Palace fund in Government Treasuries was actually Rs.2,49,645-1-10 as shewn in the Account Current prepared by this Office of which Rs.2,13,414-1-3 were held under Palace Deposits in the Provincial Accounts and Rs.36,231-0-7 under Revenue Deposits for the reasons given below. 1888-89 was the first year in which the Palace Accounts were separated from Provincial Accounts, and some doubt was felt as to whether the unexpended balance of the Civil List for 1888-89 should be added to the grant of next year or credited to the Personal Estate. It was decided that this should be paid to the Palace which was done next year.

Paras 6 & 7. The error is only a clerical one which together with any others if made in connection with other interest payments"(by transfers)"will be traced and adjusted when the debenture is closed as they must unnecessarily be, before the accounts connected with the loan for are finally closed.

Para 8. The sum of Rs.1000 was received in the Huzur Treasury in March 1890 by deduction from the Dewan's pay for credit to Personal Estate; in the Treasury classification it was credited in that account under the head"Interest". It is now found from references from the Palace that it should

should have been treated in the same manner as subsequent deductions made from that Officer's pay, (see para 12 below)

Para 10 The entries have been since checked and found to be correct. In what respects they are unintelligible it is not stated ~~for~~, to admit of any explanation, being furnished to the point. The Bank Memos, Treasury Memos for corrections and similar documents are classed as routine records and are not usually preserved for long periods (Vide Civil Account Code). The details of all the Pro-Notes are entered in the Maharajah's Note Book and in the Civil Comptroller's Registers. What is the amount of interest due and whether all such dues have been brought to credit in the accounts can be easily ~~be~~ found out from the accounts themselves. Bank Memos can ~~from~~ form no authorities or vouchers for credit in the account. The account current received from the Bank and adjusted in the Huzur Treasury Cash Account is alone the authority for the Civil Comptroller's compilation and these initial accounts were placed before Mr.Scott.

Para 11. Till 1887-88 the Govt: papers and Debentures were kept for safe custody in the Huzur Treasury and interest up to that year was drawn by the Huzur Treasury Officer. No Register was therefore maintained by the Comptroller's Office. It is not stated who promised to search for such Registers and to produce them and why these accounts were found necessary for audit of accounts of 1889-90, 90-91, & 91-92.

Para 12. It is the duty of the Palace Treasury to adjust these credits, and also all debits made in Civil Treasuries on account of Palace. The duty of this Office was then and is even now confined purely to intimating such credits and debits with particulars if any furnished by the parties paying into and drawing from such Treasuries. These intimations have all been made through the annual accounts Current and the covering letters with which these accounts were sent to Palace Controller for information and needful action. No omission of such intimation has been noticed by the Special Auditor.

Para 14. The Civil Comptroller's "Books" not only (a) (b) (c) & (d) but also all transactions appearing in the Palace Controller's monthly accounts, Pass Book of the Mysore Branch of the Madras Bank and in the "Transfers" or Book-adjustments. This was done annually up to the year 1899. The accounts thus consolidated by the State Comptroller can alone be called his accounts. The accounts called by Mr. Scott as Civil Comptroller's account and Palace Controller's accounts appeared to be simply cash accounts rendered to him for consolidation by the various disbursers dealing with Palace funds. This simple distinction has been completely overlooked throughout the reports and references to "accounts" have been made indiscriminately and in general terms although each of them has a name of its own written as a heading.

Para 16 (a) The sum of Rs.429-12-1 is the cost of making up clothing for gunners attached to the Bangalore Palace who were under the orders of the Military Secretary. As the clothing was prepared in the Military Stores and as the bill was signed by the Military Secretary, no acceptance by any other Officer was deemed necessary nor is there any Govt: order directing this Office to obtain such acceptance.

Lands are always acquired by Civil Officers and compensation paid by them. Accordingly the land was acquired in this instance also by the Deputy Commissioner on the authority of Govt order No.903-6/41 of 29th April 1889, and compensation of Rs.9746-4-0 was paid by him, acceptance of Palace Controller of charge incurred under the authority of Govt: was not considered necessary.

Para 16 (b) Payments of Palace salaries and pensions were never subjected to audit under the Service Regulations and Civil Account Code. If for instance the Durbar Bukshy and any other Palace Officer had to start with H.H.the Maharajah on a tour outside the Province a few days before the date on which the salaries accrued and if they wanted to draw

draw them before that date the Civil Comptroller has no authority to refuse compliance, as these Officers do not come under the rules of audit prescribed for his guidance.

Para 16 (c) These amounts must have been kept under suspense for want of particulars and charged to the final head of account in the month in which such particulars were obtained. This is no unusual occurance in the Civil Accounts, a procedure fully recognised and provided for in the Civil Account Code Vol: II Art: 979.

Para 18. Up to 1888-89 the Palace Account was incorporated with the State Accounts and regular Budget heads were maintained for the purpose of classification, but since 1888-89 when a separation of the two accounts was made, only lump sum payments had to be shewn in the State Accounts, under the service head 14 Palace. Hence no correct "allocation" was necessary in these accounts of the State Comptroller as such classification was made in the Palace consolidated Account compiled by him which alone Mr.Scott should have taken up as the Palace Account and examined as to its correctness or otherwise.

Para 19. These old vouchers must be in the old records which was already stated had got disarranged during disinfection. It only requires time and temporary establishment to rearrange them and then these vouchers may be forthcoming. Vouchers &c from 1900 working back to 1895 have been so rearranged and labelled and sanction for temporary hands applied for in the month of January 02 has not yet been received.

Para 20. I do not understand either the meaning or the force of <u>also</u> used here.

Para 21. From the Audit Register kept in this Office for payment of Palace pensions it will be found that these payments have been checked and recorded exactly in the same manner as Civil Pension Payments. No index is required by the Account Code to be opened in these audit Registers for such

such an index is absolutely unnecessary- In each Audit Register separate folios are assigned for pensioners paid (1) Outside the Province (2) to (9) pensioners paid in the nine Treasuries of the Province which contain necessary particulars as to the name, No.of P.P.O., his last employment and amount of pension. On reference to these particulars the pension payments can be readily audited, and necessary audit enfacement made on the Accountant Generals demand. This Office cannot expect or insist upon the Accountant General to undertake the trouble of classifying the items of his demand under various heads- Palace, Govern ment, Establishment, pensions &c to facilitate Test audit of the kind under reference espacially as the responsible auditors of this Office hitherto found neither difficulty nor extra labor in the process.

Para 22. The document will be traced and found when the old records of periods prior to 1895 are rearranged.

Para 24 "Advances" or "Remittances" are stated to <u>come under the detailed audit of the Palace Controller</u> and yet it is stated in para 57 "it would seem that each Office expected the other to watch the adjustment of these transactions &c"

Para 25. For Minor Tours the Durbar Buckshy who always accompanied His Highness used to draw advances, maintain accounts and after having been passed by the MahaRajah were sent by that Officer to the Palace Controller for needful adjustment- For larger tours common accounts used to be maintained by the Dewan's staff that accompanied His Highness both for Government and Palace charges and after having been passed by Govt: they were sent to the State Comptroller for necessary adjustment. The authority of Govt: order was considered sufficient for debiting the Palace with charges specified as Palace charges in these accounts The turn out referred to must have been purchased in a tour.

Para 26. Why is the qualifying term "presumably" used I cannot understand. There was the Pass Book as also the compiled

compiled and balanced accounts of the State Comptroller before the special Auditor, with the help of which a positive statement whether the remittances do agree or not could have been made. As far as I am aware one of the main objects of an independent test-audit is to verify such agreement and certify to the same.

Until 1896-97 when the Office was inspected by Mr. Biddulph the rules and registers prescribed for Transfer entries were not adopted in entirety in this Office. Under the present system the corrections are noted in the Treasury Classified abstracts and in the Departmental Accounts, but under the system followed prior to that year necessary corrections were made only in the Detail Books.

Paras 27 & 28. The sum of Rs.50,000/- forms a part of the Rupees 4,63,232/- referred to in para 29. The Mysore Treasury made the mistake in its cash account which was found out and adjusted subsequently; such errors in classification are not ~~annual~~ unusual and the procedure for rectifying the same is laid down in the Civil Account Code Vol: II Chapter 55.

Paras 29 to 32. It has been a standing rule that during the collection season all the District and Taluk Treasuries should remit their surplus cash to the State Huzur Treasury and obtain back any amount they may require for expenditure during slack season. From January 1890 about which month the revenue collection commenced it was thought expedient ~~and~~ to pay in all the surplus cash of the Mysore Treasury into the Madras Bank at Mysore to improve the balance of that Bank and in view to meet payment of Civil List in the following year commencing from April next- This Office therefore instructed the Mysore Treasury in January 1890 to pay all its surplus into the Madras Bank, Mysore, Vide this Office No. 347/6 dated 9 January 1890 to the Deputy Commissioner in charge of the Treasury. This was then to save the trouble, risk and cost of remittance to and from Bangalore. In what respects this explanation is considered by Government as inadequate I am unable to understand. The amount so paid ag-

aggregated Rs.4,60,000/- and was debited to advances recoverable in the Provincial Accounts in order that it might not be mixed up with the Palace Transactions for the year 1889-90 and it was adjusted in the very next year by credit to advances recoverable and debit to the grant of Civil List for 1890-91. It will thus be seen that there was no irregularity either in the payment or in its adjustment. While these are the facts as can be clearly made out from the accounts and the reference above quoted, the observations made in para 31 are not understood. If the objection was against the Policy of keeping idle such large amounts in Govt: Treasuries for such periods as two or three years without investing them year after year, this Office was not responsible for the same as all investments were and are made under special orders to this Office conveyed by His Highness through His Dewan.

Para 33. On account of the contemplated separation of Palace accounts from the Provincial which was effected in the following year this procedure was adopted and is being continued.

Paras 35 to 39. This Office is not aware of any rules or system of Treasury account under which deposit money should be kept separate (ear marked) without being utilized for other expenses. If there was any special order to the Palace Treasury the money should have been kept in a separate chest without being mixed up with the other moneys and an independent cash account with its own balances should have been maintained. Having brought the transactions of these deposits into the Palace Treasury Account a separate ledger head must ~~necessarily~~ necessarily be opened and closed to Balance the amount of which will be a liability on the Palace and should be exhibited as such in any balance sheet that is required to be prepared correctly. I know of no system of account keeping which will accept Mr.Scott's balance sheet nor a minus cash balance in any Treasury or with any disburser. A Treasury or disburser may have some Cash

cash on hand or no cash the fact of which is required to be certified month after month. I cannot therefore conceive how either of them can have minus cash.Both H.H.the Maha-Rajah and the Dewan understood the simple way in which the balances were exhibited in the Note Book by the State Comptroller without any explanatory memo from him in regard to the net figure shewn as "outstandings or advances" &c For further information on this point a reference to my memo dated 12 July/02 and its accompaniments is solicited.

Para 40. For the delay complained of, this Office is not responsible. The accounts from the Dewan's Office furnishing particulars for this amount, were received only in 1894-5 and the adjustment had necessarily to be delayed till the receipt of such particulars.

Paras 41 to 43. I do not understand the observations or criticisms. The amount of Rs.1980-8-0 is the net of all closing credi-tor and debitor balances under Deposits Remittances Suspence &c. This is an asset which if added to the Cash Balance of the Account Current will go to make up the balance at credit of the Maharajah's Personal Estate, Viz.Rs.2,51,589/- shewn in the Account Current of the year 1888-89.How and why this net figure should have been carried forward I cannot understand as this figure will be affected by the transac-tions of the next year under these debt heads.Deposits are not the only items affecting the Cash Balance. Suspence Remittances &c also affect it if cash transactions are found necessary on their account. All deposits need not necessarily be repaid in cash.

Paras 56 to 70. Mr.Scott has made some observations in regard to the management of Advances subjecting them to the rules prescribed for Govt: advances overlooking the relationship between the Civil Comptroller and the Palace Controller and the responsibilities of the former in this matter- All advances from the Palace Treasury are made on the authority of His Highness which is not intimated to

to the Office and all accounts and vouchers rendered by different Firms and persons are received direct in the Palace Controller's Office and adjusted by him in direct communication with the parties concerned. These accounts do not accompany the monthly cash accounts received in this Office from the Palace Controller.

Advances paid or credited are not debited or credited under a separate head"Advances" in the body of the account, but the unadjusted balance at the close of each month is shewn in the Palace Controller's monthly cash account as part of the Treasury Cash Balance. This system of accounting has been followed even during the British Administration and continued up to 1897-98. This fact has been noticed without any comment in Mr.Biddulph's report Vide para 169(2) of his report on Palace Accounts.

It will thus be seen that this Office is not responsible for the adjustment of advances, and it is therefore not correct to state that "each Office expected the other to watch the adjustment of those transactions". The State Comptroller has been regularly intimating to the Palace all advances made by him out of Palace Funds and finding that such intimation had not been regularly taken notice of by the Palace Controller a complete consolidated list of all outstanding balances was sent to the Palace Controller in the year 1898 for his information.

With the foregoing explanation I shall now proceed to explain some of the items noticed by Mr.Scott.

Payments to Mr.Sanderson and others referred to in para 58 were made by this Office on the authority of the Palace Controller and included in his outstanding list and duly intimated to him as usual, and it is for the Palace Controller to effect necessary adjustment when Articles have been supplied.

The amount alleged to be outstanding against Mr.Narasimmah Iyengar is Rs.10,870-11-9 (Vide paras 59 to 69 of

f Mr. Scott's report but of this amount Rs,5,243-7-0 was shown against Mr. Woodwille and Company , by this Office, for the rea--son that the amount was paid to that company through Mr Narasi--mma Iyengar. When the Palace Controller found that this amount had been charged in the accounts received from that Officer he should have corrected the outstanding list and asked this Office to make a similar correction in its list of outstandings which was not done. The amount therefore stands against Woodville&co.

In regard to this item of Rs, 10,870-11-9 I beg to state that Article 26 (2) Civil Account Code applies only to Government Officers coming under the audit of the State Comptroller not to Palace Officers whose salaries are paid out of Palace Funds and who come under audit of the Palace Controller .

On the receipt of the original accounts Pass Book and other papers that are now with the Dewan I shall look into this as well as other unadjusted items noticed in the report and submit fur--ther explanation .

Para 75, The double debits referred to, are only Book adjustments according to Mr. Scott's own description and not made in cash accounts There was therefore no Government money left out of account for any temporary misuse.

The possibility of such error has been duly recognized and a system of adjustment for rectification of the same is elabora--tely laid down in Chapter 55 Civil Account Code Vol:II.

Errors under Local Remittances by erroneous or double debits accumulated from 1867 and amounted to Rs,50,000/-

Rs.50,000/-. Errors under Railway Suspense amounting to Rs.140000/- and a few other minor errors of years accumilation standing in Govt: Provincial Accounts have only recently been traced, some have already been adjusted and others are awaiting Govt: orders for adjustment. The suecessive Special Auditors such as Mr. (now Sir James) Westland & Mr.Biddulph have noticed these errors and differences but have not thought fit to draw such a serious inference as the one made by Mr.Scott.

Payment of 2 lacs to Akilandya in April 1889 appears in the Huzur Treasury account for that month and in the annual list of Palace payments for 1889-90 prepared and sent to the Palace Controller, and the fact of this item having been added in his outstanding list for that year has been duly communicated to him in this Office No. 2284 ——, dated 24 August 1891.

As for repayment, a sum of Rs.29,999-1-0 is distinctly entered in the account current for 1891-92 prepared and sent to the Palace Controller as " interest received from Akilandya on account of interest on loan of 2 lacs, and an amount of Rs.2,00,000 has been credited in the Palace Accounts by subtracting from the balance of outstanding as stated in para 5 of Mr.Scott's 3rd report. Why Mr.Scott makes no mention of the credit of Rs.29,991-1-0 as interest appearing in a clear and distinct entry I cannot explain. The whole amount viz Rs.2,29,999-1-0 (2,00,000 (Principal) + 29,991-1-0 (Interest)) is duly credited in the Madras Bank Pass Book (Which is one of the Palace Disbursers).

The purchase of Govt: Paper for Rs.2,30,000 also appears in the same Pass Book. These transactions viz credit of Rs.29,998-1-0 as interest and the purchase of Govt: paper appear in the Note Book also. I am therefore unable to to understand the observations made in paras 5 & 6 of this report or those of Govt: made in para 12 of their order. For further and more detailed explanation a reference

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reference is invited to my memorandum submitted to the Dewan with D.O. letter dated 12 February 1902.

E Wodehouse

14-7-02 Compli-

Gen. Fin. 48 Off 1902 [illegible] Gen. Office Journal 42

Series 11

90/23

L

The Comptroller
Keyser Genl.
Eo. H. 151
Ex 3. Books

D/ 17.7.02.

17

Her letter No 7108 of
22nd May 1902 requesting
the return of certain
books & papers in
connection with the
Palace Accounts

---

1. General Abstract for 1889
2. Stores Issues Cash Book for 91-92
3 do do do 91-94

With reference to the above I have the honor to forward herewith the undermentioned books & papers & state that the other papers & books will follow x

Reynolds

15/7/02

17
"

x Subd - Unless the letters required by the Comptr are sent back to him, he cannot very well be prepared for a reply on the points raised by Mr Scott. The

H
15/7/02

5:3

May one of them
be sent to the
Assizes with Mr
Dewan with Mr
Regnaud-Maitland
Other papers
may be transmitted
& sent as early
as convenient

15/7/02

Yrs Ld

Letter No. 546 dt 26/7/02

PW— 114]

No. 545

PW 142 Gen Dm 488/1901-02 serial 12

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MYSORE PUBLIC WORKS DEPARTMENT.

CENTRAL OFFICE OF ACCOUNTS.

BANGALORE, 26th July 1902.

From

W. H. Scott Esqr.,

~~The~~ Examiner,

P. W. Accounts of Mysore.

To

C. R. Subroyen Esqr.,

Comptroller of Mysore.

Sir,

I have the honor to reply to your letter as follows:-

2. As indicated by the remarks in my report and letter quoted by you the Madras Bank Pass Book has not been in my hands. I have considered that the transactions under reference would substantially find entrance there as quoted by you.

3. In reply to para 3 of your letter I would ask whether you doubt that there was nothing in the Palace Controller's office records to show what the credit in the Madras Bank Pass Book was for. If not does it strike you as strange that an official successor of that officer should know nothing of the transaction?

4. I do not recollect having seen the memorandum you refer to

5. I can not conceive how you can have undertaken to put on

forward

forward the proposition contained in para 5 of your letter. The Salaca accounts current for the years under reference worked out a balance which included monies in Beirut Treasuries and in the Madras Bank. Supposing a transaction of the Bank Pass Book did not find place in the account, the detail of the two balances might still by initiating the balances shewn as deposited in Government Treasuries, shew the balances in the Madras Bank at the figure which appears in the Pass Book. You will no doubt say that the Salaca Account would not under such circumstances close to the Provincial Books. I agree to the possibility of this but wish to shew that the proof of the inclusion of all the Pass Book transactions depends not only upon the balances shewn as in the Madras Bank agreeing with the Pass Book but also upon the balances shewn in Beirut Treasuries being correct

4. All I am willing to admit in this connection is that if the Account Currents are correctly prepared they will close to the balances in the Bank Pass Book and in the Provincial Books. If the converse of this as enunciated by you is true and accounts are correct if they are closed to balances in connected accounts how is it that the balance shewn in the Salaca accounts as in Beirut Treasuries has been wrong for the last 10 years notwithstanding that the Account has been so closed or that the transaction referred to in para ~~in~~ 17 of my 2nd report has been omitted from the Account altogether?. I have thus used the word Correct at the end of the last paragraph in preference to the phrase Closing to the balances in the Provincial Books.

7 I am glad the matter of the letter of June 1893 has been cleared up favourably. It helps you towards the conclusion you wish to arrive at just in the degree in which in connection with my report it was used as a detraction from such a conclusion; i.e. there is now nothing on the one

one hand beyond possibility, favouring the supposition as to another document, while there are the 3 reasons stated under Sub. paras (a), (b) and (c) favouring the supposition (as it remains) of the entries having been derived from the Pass Book. These circumstances have led you it appears to a tacit assumption of the point in question, from which standpoint you propose the enquiry contained in your words "from what sources". I note that in so expressing yourself you fall into an extent, with the line of argument or demonstration followed in my third report; what I contend for in addition is that what you put forward may be divested of the fallacy of a "petitio principii" involved in the latter portion of para 7 of your letter. It will then appear that an amount of Rs 2.29.998.1.0 has been credited in the Palace Accounts; the enquiry "from what sources" will elicit, on a reference to my report, that there are points of identity Vide Sub. paras (a) (b) and (c) between this amount and the entry in the Pass Book, which you will probably admit. Before however you conclude under these circumstances that the entry of the sum of Rs 2.29.998.1.0 in the Palace accounts is derived from the Pass Book, I trust you will allow me to suggest your undertaking either to add to the above points if you think anything has been omitted or to shew that they do establish as they stand an absolute identification. The premiss which you put forward viz that "the credit of Rs 2.29.998.1.0 appearing in the Pass Book must necessarily find place under some head of account or other in order that these Accounts may be closed to the balances in the Bank" is as already pointed out an erroneous assumption.

8. Your letter under reply furnishes me with no reason to alter anything which, before receiving it, I had put forward. The

The

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The enquiry "from what sources in which you concur touches at once upon the defect attaching to the Accounts of the years concerned and points to the want of references and destruction of intermediatory compilations out for which no such enquiry would have been suggested. The application of the general principles enunciated in para 1 of my letter of the 23rd June I quite agree to I would however request that you accept it as general and consider what may be looked upon as its negatives application viz the omission of a credit requiring the balancing omission of a debit and Vice Versa.

7. You appear from para 9 of your letter to think that my affirmation to the non-existence of a bias and to the existence at the same time of a doubt involves a contradiction. I should have seen less surprised if the possibility of the existence at the same time of a bias and a doubt had been called in question. If a ball with a bias is set rolling the effect usually is to dispel all doubt as to the side to which it will incline while the removal of the bias places it at the mercy of outside circumstances the effect of which on the course of the ball may be very doubtful. I may say that the word bias is not a synonyme of "doubt"

I have &c

(Sd) W. H. Scott

To Examiner, P. W. Accounts of Mysore.

No 5469/1 of 26th July 02

Copy of the above together with Comptroller's letter No. 401 of 22nd instant is forwarded to the Secretary General and Revenue Departments for information in continuation of this offices No. 282 of 16th instant.

Examiner, P. W. & Ry. Accounts of Mysore

28/7 02

26/7

Enc. to SR 12

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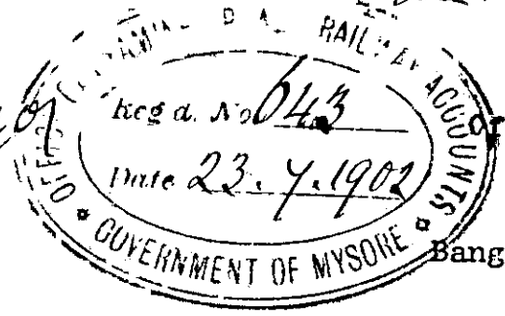

No 401

Office of the Comptroller,
Mysore Government,
Bangalore, Dated 20th July 1902.

22

From

E.R.Subrayer, Esq., B.A.B.C.E.
Comptroller of Mysore.

To

W.H.Scott, Esq.,
Examiner, P.W.Accounts of Mysore.

Sir,

I am very sorry I have again to trouble you for some more information and enlightenment in regard to the subject matter of your 3rd Report on Palace accounts.

2. I beg to know if you had the Pass Book of the Mysore brai of Madras Bank when you examined the accounts and if so wheth you noticed the credit of Rs.2,29,998-1-0 being the realizati of Bombay Bank Deposit Receipt and per contra the debit of Rs being the cost of purchase of Govt: paper of the nominal va of Rs.2,30,000/- I put this question as I am not sure the had this book before you, for in one place you state that remittances to Bank agree presumably with the Bank Pass Bo and that in your letter of 23rd June 1902 it is stated that I "given to understand" that the credit of Rs.2,30,000/- was upon the Madras Bank Pass Book and that you supposed it was.

3. Kindly let me know whether you had before you the Pala Controller's reply to the State Comptroller's letter of the June 1893 stating that he was unable to furnish the informa asked for- there being nothing in his Office records to she what the credit in the Madras Bank Pass Book was for. If you had, did it not strike you as strange that this Officer who reported to have received the Deposit receipt from Messrs.Al landyya & Co., and sent it to the Madras Bank for realizati and purchase of Govt: paper should subsequently happen to l

know nothing about the transactions and the particulars connected therewith.

4. Kindly inform me whether you had before you the memorandum which I sent to the Dewan on 23/July/1901 furnishing detailed balance sheets for the year 1888-89 to 1899-1900 and explaining how the net figure shown in the Note Book as "advances &c" has been and can be arrived at.

5. I beg also to know if you are willing to admit that in the compiled and closed accounts current of this Office, all the transactions in the Bank Pass Book must necessarily find place under some head of account or other without which these accounts could not be closed to the balance in the Bank as they have been actually closed.

6. If so and if, as you had originally supposed, the letter of 3rd June 1893 had been written after the accounts current for 1891-92 had been sent, did it not strike you to examine and find out what object or occasion there could have been for the inquiry subsequently made in regard to the credit in the Pass Book—all the transactions in which must necessarily have been already incorporated in the accounts current closed and sent to the Palace Controller long before.

7. Now that it is found, the letter of 3rd June 1893 was written about 3 months before the accounts current were compiled, passed and sent to the Palace Controller I am unable to understand why the identity of the credit in the accounts current of 2,00,000/- towards principal and 29,998-1-0 towards interest, with the principal and interest paid by Messrs.Akilandyya & Co., should still rest on the grounds (a), (b) & (c) and that there should still be an element of doubt in connection with a "separate additional receipt". The credit of Rs.2,29,998-1-0 appearing in the Pass Book must necessarily find place in the Palace account current, consolidated account and the Note Book account under some head of account or other in order that these accounts may be closed to the balance in the Bank as

as it has always to be and has been so closed.

In June 1893 the Comptroller's Office did not know the particulars of this item. They asked the Palace Controller for such particulars. He was unable to furnish, yet the Comptroller's Office have credited out of this item of credit in the Pass Book, 2 lacs as principal and 29,998-1-0 as interest received from Messrs.Akilandyya & Co., These particulars of the credits are proved to be quite correct by the reliable correspondence quoted in paras 2 & 3 of your report. To my mind therefore the only point for doubt and determination if such determination you considered necessary for a test audit is from what source the Comptroller's Office which was ignorant of the particulars of the credit in June 1893, obtained the correct particulars in September 1893 and entered them in the accounts current and other accounts compiled by them.

8. I therefore beg to know if you still consider that there yet remains the element of doubt in connection with a "separate additional receipt". and if so, whether according to the general principle enunciated by you in para 1 of your letter of 23rd June last, there should not have existed, as the genarating cause of this doubt, either in the accounts as they stand or in any other documents placed before you a similar element of doubt in connection with a separate additional "counterbalancing debit" or in connection with an undischarged Revenue demand or balance of any demand or dues of an amount equal to that of the doubtful credit. If you agree with me in thanking that there should have been kindly let me know in connection with what item or items in the accounts or with what other documents you found such doubt.

9. One more point and I assure you I shall not give you any more trouble in this connection. In the last part of para 1 of your letter of 16th Instant you state there does not exist the bias to the supposition of a"separate additional receipt" of a like amount while in the middle of para 3 of the same letter you still state "any element of doubt or inference drawn from the accounts connects itself with (may be) a separate additional receipt. I regret

additional receipt. I regret I am unable to reconcile the two statements and would therefore thank you if you can help me to understand them correctly.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

V.U.C.

Gen. Jun 48 of 1901-02
Serial 13

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No 867 Eu Fl 228

Office of the Comptroller,
Mysore Government,
Bangalore, Dated 14th August 1902.
14-8-02

From

E.R.Subrayer, Esq., B.A.B.C.E.
Comptroller of Mysore.

To

H.V.Nanjundayya, Esq., M.A.M.L.
Secretary to the Govt: of Mysore,
General & Revenue Departments.

Where is this file? Hrm
21/8/1902

Rei at once
4/2/15/02

Sir,

In continuation of my letter No.301/ 14th July 1902 submitting a Memo of explanations in re Mr.Scott's 2nd and 3rd Reports on Palace Accounts and Government orders thereon, I beg to report that, in the absence of the accounts and correspondence which have not yet been completely returned to me, I put myself in communication with Mr. Scott himself in June last in view to obtain from him some elucidation in regard to a few general observations made by him, the meaning of which I was not able to comprehend.

2. I now beg to submit copies of the correspondence that took place between us on this subject from which it will be found that (1) if Mr.Scott had examined in detail all the Palace credits in the Huzur Treasury Account instead of examining only the lists of payments from that Treasury he would have found out the credit of Rs.1000 (2) that his critisisms on Deposit money and the Note-Book balances are based not upon procedure of accounting but purely upon that of control obtaining in D.P.W. and upon the supposition that the Note-Book balances did not include Deposit Transactions while as a matter of fact they did (3) that the excess charge or double debits referred to in Para 75 of Mr. Scott's report left no cash out of account and in anybody's

anybody's hands for misuse (4) that as regards the loan to Messrs.Akilandayya & Co., the Madras Bank Pass Book, one of the disburser's accounts dealing with the Palace Funds and my explanatory Memo to the Dewan dated ~~24th February~~ 23rd July by ~~1902~~ 1901 both very essential and important documents in this connection had not been placed before Mr.Scott (5) that, in regard to the Comptroller's Office letter of 3rd June 1893 which is said to have created the doubt represented in the 3rd report, a serious omission has been made by Mr. Scott, as acknowledged by him and (6) that a doubt having arisen on account of this omission, no attempt was made by him to clear it either by inquiry in my Office or by further examination of the Palace or Government Accounts of the period or of the Madras Bank Pass Book which could have been obtained from the Dewan.

3. With these facts and admissions now placed before Government I think it unnecessary to reiterate that, while the identification of the credit of Rs.2,29,998-1-0 in the Palace Accounts based upon a corresponding credit in the Madras Bank Pass Book with the amount of principal and interest paid by Messrs.Akilandayya & Co., is established beyond all doubt and step by step by the "reliable correspondence" quoted in Paras 2 & 3, there is absolutely no necessity to assume any other grounds such as (a) (b) & (c) mentioned in Para 5 of Mr.Scott's 3rd report. I consider it also unnecessary to trouble the Government with any comments on Paras 5 to 9 of Mr.Scott's last letter of 26th July 1902 which I must at once confess I am unable to follow clearly & completely.

4. I beg therefore that, in the light of my explanations submitted with my D.O. dated 12th February 1902 and with the official letter No.301 dated 17th July 1902 and if necessary, on reference to the Special Auditor General Mr. Keirnander, the Government may be pleased at an early date

date to reconsider their orders contained in Proceedings No.471-3/2405 dated 15th July 1901 and FL No.706-8 dated 20th November 1901.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

Enc 4 SC 13. 95

Office of the Comptroller,

No. 4492 Mysore Government,

Bangalore, Dated 9th June 1902.

From

E.R.Subrayer, Esq, B.A.B.C.E.

Comptroller of Mysore.

To

W.H.Scott, Esq.,

Examiner, Public Works Accounts,

B a n g a l o r e.

Sir,

My attention has been drawn by Government to the various matters of criticism noted in the 2nd of your/s four reports on Palace accounts and I have been called upon to submit explanations on various specified items of account and procedure.

2. I have applied for the return of the several initial and compiled accounts and other papers which I sent to the Dewan in July last which I have not yet received.

3. In the meantime as I do not fully comprehend either the meaning or the significance of a few general observations made by you and as I cannot also make out at once to what particular accounts reference has been made in the several paragraphs of this report I beg that you will be so good as to enlighten me on the following points in view to enable me to refer to them at once and find the required explanations readily and to the point.

4. Para 8.

(1) "How the Comptroller balanced the accounts of the month remains to be explained. Kindly say what accounts you refer to.

(2) Paras 37, 38, & 46. I beg to be informed under what system of accounts or rules moneys received in any

now be made by their proper names and also what accounts are meant by Civil Comptroller's accounts and what by Palace Controller's accounts.

5. As the matter is urgent I beg that you will be kind enough to send me an early reply.

I have the honor to be,
Sir,
Your most obedient servant,

(Sigd) E.R.Subrayer,
Comptroller.

Mysore Public Works Department.
Central Office of Accounts.
Bangalore 23rd June 1902.

From

W.H.Scott, Esq.,
Examiner, P.W. Accounts of Mysore.

To

E.R.Subrayer, Esq.,
Comptroller of Mysore.

Sir,

In reply to your letter No.7492 of 9/10th Instant I have the honor to reply below to the questions asked by yo

1. Para 4 (1) The Treasury account current showed a credit to the "Palace" on account of Interest of Rs.13,975/- while the list of payments accounted for a debit of Rs.12,975/- only. What remains to be explained is where the additional balancing debit of Rs.1000/- was laid. There is no need to specify a particular account in which the principle involved (viz that of a credit requiring a balancing debit) is operative; its application is not restricted to particular documents.

any Treasurdes(and in Palace Treasury in particular) as Deposits should be kept apart and not used for the current requirements of such Treasuries and only the difference ~~but~~ between the actually counted and verified cash balance and the balance of deposits should be exhibited in a Balance sheet.

(3) Para 75.

In what accounts the double debits referred to in the last part of this para were first made and in what other accounts they were"entertained".

Kindly state also by an example how any misuse of Government money could have been made and by whom.

(4) Para 5. 3rd Report.

In para 2 of this report it is stated that 2 lacs towards principal and Rs.30,000 on account of Interest was paid. In para 3 it is stated that Government paper for 2,30,000 was.purchased I beg to be informed if all the Govt: Pro: Notes thus purchased have been transferred to Palace or only paper for 2 lacs of rupees. An amount of 2 lacs is stated to have been credited in the "Palace Accounts" - Please state what "Palace accounts" and whose and what was done with the Rs.30,000 said to have been paid on account of Interest. In the last part of this para it is stated that "there must accordingly have been some other document &c".

Kindly let me know what may be the nature and description of this "document" on the authority of which credit must have been given in the "Civil Comptroller's Accounts" & which it can only be inferred from "the accounts as they stand" "did not represent a separate additional receipt of Rupees 2,00,000". and what the Civil Comptroller's accounts are and whether they are different from the "Palace accounts" referred to at the beginning of the para and from "the accounts as they stand."

All the various accounts, cash and compiled, placed before you have I believe each a name of its own entered either as a heading or on the cover and it will be of very great help to me if reference to these accounts can now

From

E.R.Subrayer, Esq., B.A.B.C.E.

Comptroller of Mysore.

To

W.H.Scott, Esq.,

Examiner, P.W. Accounts of Mysore.

Dated 14th July 1902.

No. 258

Sir,

In thanking you for the courtesy in favouring me with your replies in your No 3504 of 23rd June 1902 to several quiries made by me on the audit of the Palace Account, I regret I have to trouble you again for further information on the following points which I beg you will kindly furnish me at your earliest convenience

(1) In the last para but one of your letter under reference it is mentioned that the credit of Rs.2,30,000 was based upon the Madras Bank Pass Book, that you suppose it was, that para 6 of your report was based upon this supposition, and that however my letter of 3rd June 1893 threw doubt upon this a doubt which has been represented- I beg to be informed whether the account current for 1891-92 was compiled by this Office and sent to the Palace Controller before or after 3rd June 1893 as ~~interested~~ understood by you, and whether you noticed the following item credited in a distinct entry in the Account Current for 1891-92 prepared by this Office. "Received from Mr.Akilandyya being interest on the loan of Rs.2 lacs made to him Rs.29,998-1-0."

I have the honor to be,

Sir,

Your most obedient servant,

(Sigd) E.R.Subrayer,

Comptroller.

RR

From

W.H.Scott, Esq.,

Examiner, P.W. Accounts of Mysore.

To

E.R.Subrayer, Esq.,

Comptroller of Mysore.

Dated 16th July 1902.

No.281.

Sir,

In reply to your letter No.258 of 14th Instant, I have the honor to state that I am glad you do not hesitate to refer to me on any point which you can think needs elucidation or on which you would like me to add further remarks.

1. I know your Account current for 1891-92 issued very late indeed; I do not find in my notes any record of the exact date but I judge from your letter that, omitting actual comparison, I entered upon the supposition that it could not have been delayed to so late a date as 3rd June 1893. If this was the case I very much regret my omission; it alters the aspect of the question to this that the entry of the credit of Rs.2,30,000/- in the accounts does not directly refer to the Madras Bank Pass Book; its identification with the sum returned by Messrs.Akilandyya & Co., still rests upon the grounds (a), (b) & (c) which I have mentioned; there does not exist the bias to the supposition of "a separate additional receipt" of a like amount, provoked by the issue of the letter in the sequence I had supposed.

2. The credit you refer to was noticed by me; it was an entry which was necessarily made as it was, if the transaction was not to be omitted from the accounts altogether (vide para 5(c) of the report).

3. You will notice that my report distinctly states that the loan made to Messrs.Akilandyya & Co., has been returned

returned and the money utilized in purchasing securities which are now held on behalf of the Personal Estate. All this is quite certain. Any ahement of doubt or inference d drawn from the accounts connects itself with (may be) a "separate additional receipt". I add this as your last question and others in your previous reference make me uncertain as to whether you have not mis-apprehended my statements.

I have the honor to be,

Sir,

Your most. obedinet servant,

(Sigd) W.H.Scott,

Examiner, P.W. Accounts of Mysore.

V.U.C.

MYSORE PUBLIC WORKS DEPARTMENT.

Central Office of Accounts.

Bangalore, 26th July 1902.

From

W.H.Scott, Esq.,

Examiner, P.W.Accounts of Mysore.

To

E.R.Subrayer, Esq.,

Comptroller of Mysore.

Sir,

I have the honor to reply to your letter as follows:-

2. As indicated by the remarks in my report and letter quoted by you the Madras Bank Pass Book has not been in my hands. I have considered that the transactions under reference would substantially find entrance there as quoted by you.

3. In reply to para 3 of your letter I would ask whether you doubt that there was nothing in the Palace Controller's Office records to shew what the credit in the Madras Bank Pass Book wa for. If not does it strike you as strange that an official successor of that officer should know nothing of the transaction?

4. I do not recollect having seen the Memorandum you refer to

5. I cannot conceive how you can have undertaken to put forward the proposition contained in para 5 of your letter. The Palace Accounts Current for the years under reference worked ou a balance which included monies in Civil Treasuries and in the Madras Bank. Supposing a transaction of the Bank Pass Book did not find place in the account, the detail of the balance might still by initiating the balance shewn as deposited in Governme Treasuries, shew the balance in the Madras Bank at the figure which appears in the Pass Book. You will no doubt say that the Palace Account would not under such circumstances close to the Provincial Books. I agree to the possibility of this, but wish to show that the proof of the inclusion of all the Pass Book transactions depends not only upon the balance shewn as in the

the Madras Bank agreeing with the Pass Book but also upon the balance shewn in Civil Treasuries being correct.

6. All I am willing to admit in this connection is that if the Account Currents are correctly prepared they will close to the balances in the Bank Pass Book and in the Provincial Books. If the converse of this as enunciated by you is true, and accounts are correct if they are closed to balances in connected accounts how is it that the balance shewn in the Palace Accounts as in Civil Treasuries has been wrong, for the last 10 years, notwithstanding that the account has been so closed, or that the transaction referred to in para 17 of my 2nd report has been omitted from the account altogether?. I have thus used the word "correct" at the end of the last paragraph in preference to the phrase "Closing to the balance in the Provincial Books".

7. I am glad the matter of the letter of June 1893 has been cleared up favourably. It helps you towards the conclusion you wish to arrive at, just in the degree in which, in connection with my report, it is used as a detraction from such a conclusion; i.e. there is now nothing on the one hand, beyond possibility, favouring the supposition as to another document, while there are three reasons stated under Sub paras (a), (b) & (c) favouring the supposition (as it remains) of the entries having been derived from the Pass Book. These circumstances have led you it appears, to a tacit assumption of the point in question, from which standpoint you propose the enquiry contained in your words "from what source". I note that, in so expressing yourself, you fall in, to an extent, with the line of argument or demonstration followed in my third report; what I contend for, in addition, is that what you put forward may be divested of the fallacy of a "petitio principii" involved in the latter portion of para 7 of your letter. It will then appear that an amount of Rs.2,29,998-1-0 has been credited in the Palace Accounts; the enquiry "from what source" will elicit on a reference to my report that there are points of identity, Vide Sub paras (a) (b) & (c) between this amount and the entry in the Pass Book, which you will probably admit. Before however you conclude under these circumstances that the entry of the sum of Rs.2,29,998-1-0 in

in the accounts is derived from the Pass Book, I trust you will allow me to suggest your undertaking either to add to the above points if you think anything has been omitted, or to shew that they establish as they stand an absolute identification. The premiss which you put forward viz that the credit of Rupees 2,29,998-1-0 appearing in the Pass Book must necessarily find place under some head of account or other in order that these accounts may be closed to the balance in the Bank is as already pointed out, an erroneous assumption.

8. Your letter under reply furnishes me with no reason to alter anything which, before receiving it, I had put forward. The enquiry "from what source" in which you concur, touches at once upon the defect attaching to the accounts of the year's concerned and points to the want of references and destruction of intermediatory compilations but for which no such enquiry would have been suggested. The application of the General principle enunciated in para 1 of my letter of the 23rd June, I quite agree to. I would however request that you accept it as general and consider what may be looked upon as its negative application, viz, the omission of a credit requiring the balancing omission of a debit and vice versa.

9. You appear, from para 9 of your letter to think that my affirmation to the non-existence of a bias and to the existence at the same time of a doubt involves a contradiction. I should have been less surprised if the possibility of the existence a the same time of a bias and a doubt had been called in questio If a ball with a bias is set rolling the effect usually is to dispel all doubt as to the side to which it will incline while the removal of the bias places it at the mercy of outside circumstances the effect of which on the cource of the ball may very doubtful. I may say that the word "bias" is not a synonym of "doubt".

I have the honor to be,
Sir,
Your most obedient servant,

(Sigd) W.H.Scott,

Examiner, P.W.Accounts in Mysq

2. (a) The procedure under which Deposit money is not used for current purposes is not essentially a matter of account at all, ~~lent~~ but one of control as you may be aware having been in touch with it in the P.W.Department; the question raised moreover does not relate to the accounts of "Any Treasury or the Palace Treasury in particular" but to those of a disburser viz the Palace Controller, who works against an annually sanctioned budget. These moneys should, I believe, be remitted to the Mysore Treasury on an analogy with the procedure under which all receipts on account of the Personal Estate are so remitted, as required by Mr. Biddulph's Palace Manual.

(b) I presume the question in the latter portion of the above paragraph ~~as~~ has reference to the detailed balances worked out in para 37 of my report. It will be noticed that I ~~am now~~ have not dealt with the note book account itself, but have merely detailed the balance shewn which cannot be independent of the account itself. The question accordingly is whether the account which you call a balance sheet included Deposit-transactions? It did not, so far as I am aware and I can scarcely be expected to explain the omission.

Para 3. I have not the memory to enable me to reply to the first part of this paragraph which is somewhat vague in addition. However I went through this transactions with Mr.Vyapury Chetty who perhaps can let you have the information wanted. It is now nine months since I dealt with the accounts.

I think I can scarcely enter upon the ~~s~~ specification you proceed to require. A misuse or fraud must have its initiation, directly or indirectly in the reception in the accounts of an excess charge. Once this has happened, apart from particular circumstances, it is an equal probability that the corresponding credit will go to cashier or to any other head.

Para 4. All the Government Promissory Notes to the value of

value of Rs.2,30,000/- have been transferred to the Palace The amounts of Rs.2,00,000/- in para 5 may both be read as Rs.2,30,000/- if there is difficulty in inferring the association of the interest of Rs.30,000/- with the principal.

The outstanding as you are aware was included in the balance while it remained due . It was omitted in the account current for 1891-92 prepared in your Office and sent after the close of the year to the Palace Controller.

I can scarcely described a document, which if it exists at all should be in your Office and produceable. I am given to understand that the credit of Rs.2,30,000/- was based upon the Madras Bank Pass Book. I suppose it was and para 6 of my report is based upon this supposition. Your letter however of the 3rd June 1893 throws doubt upon this— a doubt which has been represented.

Para 5. By the Palace Controller's accounts I mean the representation of those transactions relating to the Palace which have passed through the Palace Treasury account and by the "Civil Comptroller's accounts" those which have passed through the Civil Treasuries including the compilation of the consolidated account current issued at the end of the year from your Office. I am not sure that I have been consistent to this through-out the report and shall be glad to explain any vagueness which may present itself in particular connections. I would request however that any further questions may kindly be stated in a manner more directly hearing upon the matter of my report and not in connection with what may appear to you to be account or audit postulates.

I have the honor to be,

Sir,

Your most obedient servant,

(Sigd) W.H.Scott,

Examiner, P.W.Accounts of Mysore

Gen. Dept 480 of 1901-02 106
Serial 14

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read again the following orders:-

(1) No.471 - 3Fl.145 dated 15th July 1901. (in extenso)

(2) No.Fl. 706 - 8 dated 20th November 1901. (in extenso)

Order thereon : No. 9C 2103-5 D
dated 6. 12 June ~~May~~ 1903.

A Some misconception having arisen in regard to that portion of the order No.Fl.706-8 dated 20th November 1901 which is confined ~~w~~ within para 12, the Government of His Highness the Maharaja consider it desirable to publish a statement of the circumstances attendant upon the repayment of the loan of Rs.2,00,000. made by His Highness the late Maharaja to the firm of Messrs Akhilandayya and Co.

B The history of the loan briefly was, that in the month of April 1889, a sum of Rs.2,00,000 was advanced from Palace Funds to Messrs Akhilandayya and Co. bearing interest at the rate of 6 per cent per annum. on

C the 23rd September 1891, this sum of two lacs together with the interest due thereon for two and a half years amounting in all to Rs.2,30,000 was paid into the Bank of Bombay and the deposit receipt supporting the repay-

D ment by the Firm was despatched to the Palace Controller by Mr.Doresawmi Iyer one of the

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the partners. It is shown in the Palace accounts that this deposit receipt was returned by the Palace Controller to the Bank of Bombay through the Bank of Madras, who were authorized to receive payment of the amount, and to purchase Government paper therewith. The Bank of Madras, accordingly, carried out the instructions given and Government paper as per margin, was purchased and endorsed in the name of His Highness the late Maharaja; the safe custody receipt No.97 - 216 obtained from the Madras Bank being entrusted to the charge of the State Comptroller. These facts establish beyond question the repayment of the loan and were clearly stated in the first order of Government, a copy of which was sent to the late Rajadharmandhara Sir K Sheshadri Iyer. K.C.S.I.

No. 2,10,518 - 1st	1842 - 4½	Rs.50,000.
" 2,10,341	---do----	50,000.
" 0,84,283	1854-55.	50,000.
" 0.84.051	— do —	25,000.
" 0,84,284,	— do —	25,000.
" 0,84,006	— do —	20,000.
" M0,00,444	— do —	10,000.
	Total Rs.	2,30,000.

Mr. Scott's examination of the accounts disclosed various irregularities in the Palace accounts but these in no way affected the conclusion, at which the Government had arrived on the indisputable evidence available, namely that the loan had been duly repaid by Mr. Doresawmi Iyer. If any further proof of repayment were required it could be found in the fact that the Government paper which was purchased for Rs.2,30,000 is still held on account of His Highness the Maharaja by the Bank of Madras.

18. V. 03

By order

4/6/03

for Secretary

To -
The Comptroller to His Govt & His Highness the Maharaja of Mysore
The Controller - Mysore Palace -
The Examiner, P.W.D. Rly Audit in Mysore